

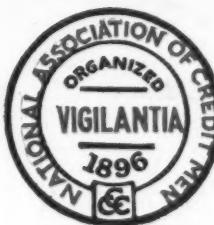
Vol. XXII, No. 4

THE

May, 1920

THE CREDIT MONTHLY

The National Magazine of



BUSINESS FUNDAMENTALS

A Substitute for the Excess Profits Tax

Efficiency of Labor Increasing

Melvin T. Copeland on Retail Conditions

The 1920 Convention of the Association

Published by the National
Association of Credit Men

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Statement of Condition on April 17th, 1920

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Cash in Vault and Federal Reserve Bank.....	27,892,335.41
Due from Banks and United States Treasurer.....	20,254,125.10
Customers' Liability for Acceptances by this Bank and its Correspondents [anticipated \$2,446,743.63].....	14,581,349.64
Loans made for Customers.....	5,971,100.00
TOTAL RESOURCES	\$284,319,132.12

Liabilities

Capital Stock	\$ 9,000,000.00
Surplus Fund	9,000,000.00
Undivided Profits.....	1,141,260.71
Discount Collected but not Earned.....	1,438,714.28
Reserved for Taxes.....	1,720,521.08
Circulating Notes.....	2,266,300.00
Acceptances by this Bank and by Correspondents for its Account [after deducting \$888,735.34 held by bank].....	17,028,093.27
Due Federal Reserve Bank.....	12,000,000.00
Loans made for Customers.....	5,971,100.00
Deposits.....	224,753,142.78
TOTAL LIABILITIES.....	\$284,319,132.12

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THE CREDIT MONTHLY

A National Magazine of Business Fundamentals

Published at 41 Park Row, New York,
by the National Association of Credit Men

William Walker Orr, *Editor*

Rodman Gilder, *Managing Editor*

Vol. XXII

MAY, 1920

No. 4

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Editorial Page

The Credit Man's Duty Toward the Collection Agency

THE collection agency, as an instrument to assist in the collection of accounts, has long been a subject of study by the National Association of Credit Men. Again and again the Association has called attention to the fact that many of these agencies do not conduct their affairs in such manner as to merit the confidence of credit grantors, and for the better protection of its members the Association has for years been accumulating information on collection agencies, and the furnishing of reports from its files has become an important part of service to members. Possibly the Association has given the impression that the collection agency business is as whole conducted by irresponsibles; but this has not been intended, for the Association recognizes that there is a place for the collection agency in the credit scheme, and that there are agencies which are conducting their affairs in a high-minded manner and with a full sense of appreciation of their responsibilities to commerce.

A review of the collection agency files in the National office shows that there are good as well as bad agencies. The use of these files is invited and urged upon members, and let it be added that no self-respecting concern should permit itself to employ an agency or have its name associated with one that is not known to be doing business on a proper moral plane. If this rule is observed the agencies which are a disgrace to the credit system will be surely eliminated.

Why Many Credit Men Are Officers of Their Companies

Why is the credit man more intimately interested in the successful operation of all other departments than they are in his work? This is a question especially directed to the man who thinks that the credit department functions quite independently of all other departments—that the credit department should observe the "hands off!" dictum that rules in some concerns.

The answer is that no sale or transaction is complete until the house is paid for what the manu-

faturing, sales and shipping departments do and that the success of the credit department in getting the pay for sales or service depends upon the way the other departments do their work. If the manufacturing department has not maintained sample standard, if the sales department has irritated a customer, or the shipping department has carelessly packed an order or failed to follow instructions, the collection of the account in the hands of the credit department is impeded and the delay means that another difficulty has been imposed upon the credit department in keeping at the minimum the capital invested in accounts receivable.

There was a time when not much systematic attention was given to keeping accounts so closely collected as to have the least investment possible in them. But today no well conducted house fails to watch this phase closely and there is a tendency to place upon the credit department an interest charge on the total outstandings, in order that the department may be very conscious of the special responsibility it is under.

How, then, can the credit department be shunted to one side and be expected to do its work? It is clear that its work, upon the success of which the very life and profits of the business depend, is so closely interlaced with the so-called production departments that its manager should be in the most intimate councils of the house.

This fact is appreciated in progressive business concerns, as is shown by the appointment of the credit man to official rank in the corporation or by his reception into the firm.

The credit man must not permit himself and his department to be segregated. He can not serve his house effectively unless he gets right into the difficulties of other departments. Those difficulties interfere with his reaching the end that it is his especially to reach—the reduction to a minimum of capital tied up in accounts receivable. This explains why the credit man is earnestly reaching for better system throughout the business. System prevents costly mishaps; through system the house is less in danger of making irritating blunders; through system the heads of departments can the more easily keep in

intimate touch with all their responsibilities, the fulfilment of which insures a smooth working business and is the best guarantee that customers' accounts will be promptly paid.

How can efficiency and profit be secured by a house in whose councils the credit man is not a part?

The Association and the Treasury Department

Again our Committee on Federal Taxation, R. G. Elliott, Chairman, has covered itself and the National Association of Credit Men with honor. Secretary of the Treasury Houston, in his letter on Federal Taxation to Chairman Fordney, proposes the elimination of the Excess Profits Tax and of the Corporation Income Tax, and the substitution of a corporation undistributed earnings tax. This proposal coincides exactly with the recommendations of Mr. Elliott and his Committee. For the tax experts of the Federal Government and of the National Association of Credit Men to have reached the same conclusions independently of each other is a tribute to the scientific character of the work of the National Committee, and we add just as emphatically, to the commercial and economic soundness of the work of the Treasury experts.

"Slow But Collectible?"

A member has suggested that the phrase used on the Association's reciprocal inquiry blank, "Slow but Good," does not represent the right thought, and suggests that a firm cannot be slow and good at the same time. A better expression to his mind would be "Slow but Collectible." What is your opinion?

Not Our Institute

The so-called "Commercial and Financial Institute" has issued a circular which it is evidently sending to the members of the National Association of Credit Men, asking orders for their publication issued under title, "Commercial Banking, Credits, Bank and Trade Acceptances," price \$5.00. This communication is sent without authority or sanction from the National Association of Credit Men, and there is no connection whatsoever between the Association and this so-called institute.

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THE CREDIT MONTHLY

VOL. XXII

MAY, 1920

NO. 4

Income Taxation

Exposition of a Principle of Taxation Presented by the Committee on Federal Taxation

THE Excess Profits Tax with its many inequities and shortcomings was discussed at some length in the pamphlet, issued in January, 1920, entitled "A Message from the Committee on Federal Taxes of the National Association of Credit Men." It is now quite apparent that the tax has lost its defenders and that every thinking man recognizes its unfairness and inequalities.

That the Excess Profits Tax will shortly be repealed is generally conceded. There arises then the necessity of recommending a substitute tax that will raise revenue in a fair, just and equitable manner. The following explanation of a principle upon which such a tax must be based has been prepared by the Committee on Federal Taxes, consisting of R. G. Elliott, Chairman (Jaques Mfg. Co.), Chicago, Ill.; E. H. Jaynes (Cleveland-Cliffs Iron Co.), Cleveland, Ohio; Chas. D. Joyce (The A. Colburn Co.), Philadelphia, Pa.; W. M. Kennard (Graupner, Love & Lamprecht), New York, N. Y.; S. J. Whitlock (Belding Bros. & Co.), Chicago, Ill.

Income Taxation

BASIS OF TAXING INCOME

THAT ability to pay should be the foundation principle on which is erected any system of tax on incomes has long been recognized.

Income taxes in this country and abroad have been built on the sound principle that as ability to pay increases the rates should be stepped up, however, within limits which may be fairly well defined.

That some of the present rates have passed the point of productiv-

ity and destroyed incentive to produce is a fact quite evident to any one who has analyzed the present situation.

Taxes should not be repressive in their effect on industry, production or initiative, but so graded as to make production, progress and reinvestment both desirable and profitable to the taxpayer.

ALL TAXES PAID FROM INCOME

Whatever kind or manner of tax we collect must in the last analysis be paid from the income of individuals.

The individuals of the country own all the property of the country and either receive individually or own all the income of the country so that as taxes must be paid in cash or its equivalent there is nothing from which taxes can be drawn other than the enjoyable income of the individual.

Therefore to obtain equity of distribution of the burden of the tax it must all be collected directly from the individuals receiving or owning the income of the country, the only place that it can be collected in proportion to the ability to pay of those who must ultimately bear the burden, viz., the individuals.

DOUBLE TAXATION

We have in our present system provisions which tax the same income more than once. A notable example is taxing corporate earnings (which are the earnings of the stockholders' investment) and then taxing the stockholder directly when these same earnings are paid over to him.

Income taxation to be fair and equitable must be founded on the principle of taxing once and only

once the entire income of the country in proportion to the ability to pay of the individual whose income is bearing the tax burden.

Indirect taxes generally cause duplication of taxation, pyramiding and passing of the burden to those least able to bear it and are the basis of much unrest and dissatisfaction.

The Excess Profits Tax is a glaring example of this, for it taxes the earnings of the investment of corporate stockholders on which earnings they are later obliged to pay an income tax.

SOURCES OF INCOME

The business of the country is conducted by individuals doing business singly or collectively as corporations and partnerships.

There is no reason why these groups of individuals should pay taxes on their earnings and the earnings of their investment on any but essentially the same basis.

Each one of these individuals regardless of the form in which his activity is carried on should pay a tax in the same amount as every other individual enjoying the same degree of prosperity.

They are not, however, on a basis of equality under the present system of taxation, for the individuals operating in Partnerships and Single Proprietorships pay on an entirely different basis from the individuals operating in corporate form.

PARTNERSHIPS AND SINGLE PROPRIETORSHIPS

Individuals carrying on business under the above forms of organization are now taxed as individuals on their entire earnings and the earnings of their investment whether dis-

tributed or not,—the entity as such paying no tax whatever.

This places each individual in this group in exactly the same position (with regard to his tax burden) as every other individual in the group enjoying the same degree of prosperity.

If it were possible to tax corporate stockholders in the same way, inequities as between them and partners and single proprietors would be eliminated and we should have the ideal method of income taxation.

CORPORATION STOCKHOLDERS

It does not seem practical to tax stockholders of Corporations in general on the full earnings of their investment unless it is actually distributed and received by them, for such a system would leave open the way for grave consequences to the general public.

Industry has always financed at least a part of its growth through retention of a portion of earnings as working capital and should be permitted to continue this practice, which is dictated by sound business judgment.

CORPORATE EARNINGS

The amount retained as surplus for working capital and expansion cannot justly be left free of taxation unless a corresponding amount of earnings of Partnerships and Single Proprietorships is permitted to be retained undistributed and untaxed.

Such a provision has been considered by students of taxation and may be possible at some later date, but present revenue requirements do not seem to justify the exemption or the complications attendant upon such a provision.

Therefore if the corporation is permitted to retain a portion of its earnings for working capital or expansion and these earnings are not to be taxed to the individual stockholders as income, then we must find some means of taxing this undistributed income in a fair manner in order.

First; To provide the Government with the approximate amount of revenue that it would receive as income tax from the individual stockholder had all the corporation's earnings been distributed;

Second; To equalize the stockholders' tax (by this indirect tax) with the amount of tax paid by the partners and individuals on their income.

Tax All Income Once.—Corporations might be permitted (if they so desired) to retain undistributed a certain per cent of the year's earnings which would not be taxed as income to the individual stockholders, but on which the corporation would pay

the tax, in which case should that income be later distributed to stockholders it would be tax free, the tax having *once* been paid on it by the corporation.

To secure substantial equity provision should be made so that income of prior years, which had been retained undistributed, could not be distributed to the individual stockholder as tax free income until all earnings of the current year had first been distributed.

This tax on undistributed earnings should be at a progressive rate that would practically compel the payment of dividends, it being the object of the plan so far as business exigencies will permit, to tax all income in the hands of the individual stockholder and, therefore, in proportion to his ability to pay.

Were corporations to distribute all earnings in cash each year the application of an income tax would be greatly simplified and were this possible, then the stockholder could, after settling his individual tax obligation return the money to the company as paid-in surplus. This transaction simply serves to place the entire income in the hands of the individual stockholder where it can be taxed equitably and in proportion to his total income from all sources.

DIVIDENDS

Cash dividends paid by a corporation out of current earnings accruing after the effective date of the law would be taxable income to the stockholder.

Provision should be made to permit payment of dividends in interest bearing obligations of the corporation, in lieu of cash dividends, due consideration being given to the question of marketability of any such device.

Stock Dividends.—A stock dividend declared out of current year's earnings cannot be taxed in the hands of the individual stockholders. To prevent escape from taxation such earnings must be taxed before distribution.

Inasmuch as these earnings have actually been added to the working capital of the corporation, why should they not be taxed as undistributed earnings because the stock dividend has in no way removed these earnings from the business.

SUMMARY

Repeating the recommendations made in our "Message" of January and for the reasons set out therein and heretofore we recommend

1. Elimination of the Excess Profits Tax.

2. Substitution of a corporation undistributed earnings tax at a graduated rate that will have a tendency to encourage payment of dividends.

(a) A substantial percentage of net income for any year must be distributed in dividends.

(b) Dividends paid from earnings of prior years on which the corporation has paid the undistributed earnings tax not to be considered as income to the individual stockholder. Dividends may not be paid from surplus until earnings of current year have first been used for that purpose.

3. Elimination of the Corporation Income Tax.

4. Dividends to be subject to the normal tax in the hands of the individuals.

5. Adjust rates of taxation of personal incomes (both normal and surtax) to meet the requirements of the budget. The suggestion is made that this adjustment be made principally with respect to incomes of less than one hundred thousand dollars.

THE EXCESS PROFITS TAX

In the above summary recommendation No. 1, is for the elimination of the Excess Profits Tax. We believe that this subject has been so fully covered during the past few months in the public press and from many other sources that there are left few, if any, defenders of this system of taxation.

Suffice to say it is inequitable

- (a) as between stockholders in the same enterprise,
- (b) as between groups of stockholders owning competing enterprises, but enjoying the same measure of prosperity,
- (c) as between owners of an old established business built up by them and purchasers of a business already developed,
- (d) as between conservatively and loosely managed business,
- (e) as between over capitalized, fairly capitalized and under capitalized business.

The Excess Profits Tax has come to be a consumption tax on all articles of commerce and is a tax collected indirectly, not in proportion to the ability to pay of the one who bears the burden, but in proportion to the necessities of his existence.

It penalizes brains, energy and character and is a repressive influence on production. It is pyramided as it is passed along from Producer to Jobber to Retailer to Consumer so that often the Consumer pays on account of the tax several times as much as the Government realizes from it.

It is the material factor in the high cost of living.

(Continued on page 36)

Do Credit Men Study Expense and Net Worth Statements?

A Business Analyst of Retail Conditions Expresses His Opinion on This and Other Phases of the Business Situation

Summary of a Talk to the Boston Credit Men's Association

By Melvin T. Copeland

Director of the Bureau of Business Research, Harvard University

DURING the past year the Harvard Bureau of Business Research has been recuperating from the effects of the war. We have now, however, struck our pace again, and have also started several new investigations. The trades that we are studying at the present time include retail grocers, wholesale grocers, and shoe, hardware, drug and jewelry retailers. The Bureau is also commencing work in other fields. It has under way, for example, a study of the methods of storing materials in shoe factories, and it has taken over from the National Council of Cotton Manufacturers a plan that was developed under my direction last year for the international comparison of prices of cotton cloth.

When the work of the Bureau was first started nine years ago, it was expected that we would spend five or six years on the retail shoe trade and then wind up that investigation for a time in order to devote all our energy to other research. It was also expected that most of our other investigations could be suspended at least temporarily after they had developed to a certain stage. Last year we found it necessary to reconsider our plans and we decided to change our policy. A substantial number of merchants wished to continue to send in reports to us each year to be checked in the office, and there were also numerous requests for up-to-date information on the cost of doing business. Consequently we decided to undertake, for the present at least, to collect annual figures on the cost of doing business in the various trades with which we were at work, among them the shoe, hardware and wholesale grocery trades.

1919 NET PROFIT NO HIGHER THAN THAT OF 1918.

We are now receiving reports from merchants who send us annual statements on the cost of doing business in 1919. These are being checked and tabulated, and the results will be available for our co-

been in the previous year. In the retail grocery trade the common figure for total expense in 1918 was 14 per cent, for gross profit 16.9 per cent, and for net profit 2.3 per cent of net sales. The figures for 1919 may of course be modified somewhat when we have tabulated a larger number of reports.

QUICK STOCK-TURN MEANS PROFIT

Another item which I always believe it my duty to refer to is stock-turn. We have found in every one of our investigations that the annual rate of stock-turn is one of the most indicative figures. We have found that the stores with a high rate of stock-turn are almost invariably the most profitable stores and, furthermore, that stores with a slow rate of stock-turn generally have a high cost of doing business and a low net profit in percentage of sales.

There are still many difficulties in obtaining reports on the cost of doing business. A good many merchants are not yet keeping books which enable them to fill out a profit and loss statement. We recently received a letter, for instance, from a country storekeeper who stated that he has a truck and Overland pleasure car, uses gasoline, oil, and tires out of the store, buys butter and eggs, gives adjustments on tires, and because of all these and other complications does not believe that he can keep books. He stated: "I have been doing very well in the past, and I do not feel it necessary for me to do the bookkeeping."

KEPT BOOKS BADLY: "ALMOST BUSTED!"

Another example is the case of a retail grocer who sent us a report in



MELVIN T. COPELAND

operators in the course of a few months. Yesterday I looked over a batch of the reports that had come in from retail grocers. It was apparent from these statements that the cost of doing business in these stores was about the same in 1919 as in 1918. The gross profit was also about the same, and the net profit certainly was no higher in 1919 than it had

1914. That report showed that this retailer was keeping most of his expenses fairly accurately. He did improperly include his ice, telephone, wrapping paper, and a few other small items in purchases of merchandise. He kept no record of the merchandise taken from the store for family use. Moreover, he did not take an inventory, but estimated his stock on hand by adding his purchases and inventory and deducting his sales less an estimated gross profit of 20 per cent. He worked out a figure for his estimated inventory monthly and yearly and never checked it actually by taking stock. We heard nothing more from him until last year when we received a letter stating that he was "plumb disgusted and almost busted." He had been borrowing money by various means in order to try to save his business, but he had lost continually, and since that time he has gone into bankruptcy. Had he made a few modifications in his methods of keeping records and taken an annual inventory, I have no doubt that he readily could have saved his business and even turned it into a profitable undertaking. He found out too late that he was losing money, and he did not know where the loss was occurring.

These instances are not cited in any spirit of criticism, for I have deep sympathy with the difficulties of the average retail merchant. Oftentimes his problems are difficult and complicated, and he cannot afford a large amount of help to deal with them.

DO CREDIT MEN STUDY EXPENSES STATEMENTS SUFFICIENTLY?

Although I have had little experience in connection with the credit man's job, I have been somewhat surprised at the small amount of attention that is apparently given to expense statements by most credit men. From looking over the reports that we receive, it has seemed to me that frequently it would be possible to judge a man's standing much more accurately by a consideration of his expense statement in connection with his net worth statement. A merchant's expense statement shows whether or not he is keeping track of his business and also whether or not he is making a profit. I understand that oftentimes a credit risk is rated primarily upon whether the merchant is going ahead with a profit or falling backward with a loss. This is shown most clearly by his expense statement.

One reason why we are collecting annual figures on the cost of doing business in several trades is that for our own purposes as well as for the benefit of our cooperators we wish to keep track of the changes in the cost of doing business from year to year during this period of readjustment. It now looks as if the country might have a period of "spotty business" ahead. In that case we believe that these figures will be of especial interest and value.

INFLATION OF CREDIT AND CURRENCY.

Looking at business conditions broadly, without any particular reference to the figures collected by the Harvard Bureau of Business Research, the last year has been one of rather wild business activity. This activity has resulted largely from the inflation of credit and currency in this country as well as abroad. As a matter of fact, we have not yet seriously begun our process of reconstruction. We still have that ahead of us. The goods for which there has been the greatest demand during recent months, to judge from statements which have been made to me personally by a number of business men, are not those in which there was a shortage caused by the war. In numerous instances the greatest demand has been for goods that fall in the class of luxuries.

I judge that some of our business activity also has been rather speculative in character because of the rising market. I have encountered some instances in which merchants placed orders last fall for their entire requirements of spring merchandise not only because of anticipated difficulties in securing delivery but also to obtain full advantage of the rising market. This apparently intensified demand. It is now beginning to appear that the last big jump in prices in a number of lines of merchandise has overshot the market. There are already appearing some trade reports of curtailed demand, although the full effects of the latest increase in wholesale prices have not yet been reflected extensively in the prices charged in retail stores.

The financial situation is of course, the largest factor affecting general market conditions. It is difficult to see wherein we have resources to finance our trade at the new level of prices just coming into effect. In a number of instances these increases in price have been 25%, 30% or even more. This means that not only the manufacturers but also the whole-

salers and retailers will require a large amount of credit beyond their previous needs. At best it will be difficult to finance our trade at these high levels.

CHECK RISING PRICES NOW.

The period of inflation, to be sure, may not yet have reached its crest. Insidious suggestions, usually for selfish or political reasons, are cropping out here and there that more government bonds should be issued or that inflation should be continued by other means. In the long run, however, I am convinced that business will be in a far better position if we go through with the process of deflation which was started last November by the Federal Reserve banks. To mention only one reason for this conclusion, take the labor unrest. If prices keep on advancing labor unrest inevitably will be intensified. Even at the risk of some temporary hardship, I believe that it will be advantageous to the business of the country to have the upward movement of prices checked now.

Another index to business conditions which closely concerns the credit man is the number of business failures. During the last three or four years the number of business failures, as reported by Dun and Bradstreet, has been abnormally small. They reached the lowest point in 1919. This small number of business failures cannot be due in any considerable measure to better methods of business management. While here and there improvements have been made, nevertheless, we find that there are still a large number of merchants who never take an inventory and who apparently have not been managing their businesses more carefully than before the war. The smaller number of business failures, I believe, is due to the rising prices. The increase in the value of merchandise on hand, I think, has enabled numerous merchants to continue in business when otherwise they would have been forced to suspend. Sooner or later a readjustment must take place. The longer it is postponed the more severe the readjustment will be. During this process of readjustment the merchants of the country will be put to a more severe test than they have experienced for several years. Those who have their businesses well in hand and are following sound methods of management will undoubtedly be able to come through successfully.

Efficiency of Labor Increasing

Contrary to General Impression, Situation Is Better Than in December, 1919

By John Whyte, Ph.D.

Director of the Department of Research of the National Association of Credit Men

THE Department of Research of the National Association of Credit Men sent out a questionnaire in March to a widely distributed list of representative manufacturers in regard to the present efficiency of American labor. As labor costs constitute a large percentage of the cost of commodities, the efficiency of labor is a highly important element in the cost of living. The questions asked were as follows:

1. Is your labor more efficient now than it was three months ago?

2. Do you feel that your labor is as efficient as it was in so-called "normal" times?

3. If your labor is showing a reduced efficiency, to what do you attribute it?—to industrial unrest, or to shortage of labor, skilled and unskilled, or to high labor turnover etc.?

4. If your labor is showing an increased efficiency to what do you attribute it?—to an abatement of industrial unrest, or to profit sharing, or to industrial welfare work, etc.?

One hundred and sixty-nine replies were received from all parts of the country and from manufacturers representing 75 different lines. The earlier replies were published in the April issue of the *CREDIT MONTHLY*.

The following analysis of all the replies indicates that there is exaggeration, to say the least, in the often heard statement to the effect that American labor is only 50 or 60 per cent as efficient as it was before the war. The analysis indicates also that in 1920 labor is showing an increase in efficiency.

SUMMARY AND ANALYSIS OF THE QUESTIONNAIRE

LABOR MORE EFFICIENT IN MARCH 1920 THAN IN DECEMBER 1919.

Of the 167 replies to the question, "Is your labor more efficient now than it was three months ago?"

10 or 6 per cent reported labor less efficient than three months ago.

72 or 43 per cent reported no increase in efficiency.

57 or 34 per cent reported an increase in efficiency.

18 or 11 per cent reported no increase in efficiency, but stated specifically that labor was as efficient as in pre-war times.

10 or 6 per cent reported old labor as efficient as in pre-war times, but new labor inefficient.

With more than one-third of the manufacturers reporting an increase of efficiency as against only six per cent reporting a decrease, it is fair to conclude that the total production in March, 1920, of all the labor represented in the replies was noticeably above that of December, 1919.

PRODUCTION OF LABOR IN 1920 LOWER THAN IN 1914.

Encouraging as such an increase in efficiency is, it has not yet restored the production of labor to its pre-war standard.

Of the 169 replies to the question, "Do you feel that your labor is as efficient as it was in so-called 'normal' times?"

121 or 70 per cent stated that it was less efficient than in so-called "normal" times.

19 or 11 per cent that old labor was as efficient as ever, but that new labor was less efficient.

27 or 16 per cent that labor was as efficient, and 6 or 3 per cent that labor to-day was more efficient than in so-called "normal" times.

Thirteen employers attempted to give the relative percentage of the efficiency of labor in 1920 as compared with that of so-called "normal" times, which is usually interpreted as 1913-1914. The average of these thirteen percentages is 73 per cent. On the basis of so small a number of replies, it is impossible to hazard an estimate of the relative percentile efficiency of labor to-day as compared with that of 1914; but a reading of all the replies amply justifies one negative conclusion, namely, that the commonly quoted generalization that labor to-day is but 50 to 60 per cent as efficient as it was in "normal" times does not correspond to the total experiences of these 169 manufacturers, and is, if these employers and their employees are typical, clearly an overstatement.

CAUSES FOR REDUCED EFFICIENCY.

In assigning causes for the reduced efficiency, the employers mentioned,

Shortage of labor.....	79 times
Industrial unrest.....	50 times
High rate of labor turnover.....	26 times
High wages.....	15 times
Reaction from the war.....	11 times
High cost of living.....	8 times
Organized labor.....	7 times
Attitude of the Federal Administration	6 times
Lack of interest and responsibility	6 times
Orgy of extravagance.....	5 times
Shorter hours.....	4 times
Misleading stories of high wages paid elsewhere.....	3 times
Housing difficulties.....	2 times
Radical social agencies.....	1 time
Prohibition	1 time

SHORTAGE OF LABOR.

Shortage of labor is thus held to be the most important factor in the situation. There is a causal relation between it and most of the other factors mentioned. It is, of course, largely responsible for the high rate of labor turnover and for labor unrest. In addition, it necessitates the employing of unskilled labor for skilled work and the employing of physically and mentally low grade labor, because the manufacturer cannot pick and choose. Such a condition creates serious difficulties, particularly for companies that are expanding their plants. Furthermore it gives labor a sense of absolute security of tenure that leads readily to abuse.

INDUSTRIAL UNREST.

Industrial unrest is a general term, and like all general terms, it is vague. The great majority of employers who used it did not define it. In one instance it was held to be the result of the activities of paid propagandists, in another to be the result of the work of radical agencies. But as a rule, it would seem that it was used as a convenient term for the denomination of a general condition which is more or less the resultant of all the other factors, namely, of the shortage of labor, labor turnover, labor union agitation, insufficient housing, high cost of living, etc. The convenient and overworked term "Bolshevism" was not once used by these practical business men.

HIGH RATE OF LABOR TURN-OVER.

The high rate of labor turn-over was usually adduced to labor short-

age and to the resultant competition for labor. A post-war restlessness on the part of ex-soldiers was also believed to contribute to it.

HIGH WAGES.

High wages coupled with continuous employment—thus resulting in increased earnings—increased above the increase in the high cost of living—were believed by many to be responsible for a reduction of effort. In some plants men "laid off" to spend their earnings.

THE HIGH COST OF LIVING.

On the other hand, the continually mounting cost of living which eats up every wage advance was believed by eight employers to be a cause of dissatisfaction and lower production.

ORGANIZED LABOR.

Labor union agitation for organization or for increased earnings, or for shorter hours, or for the restriction of output (in order to prevent over-production and to guarantee employment), was in seven instances looked upon as a cause for a lowering of shop morale and efficiency.

ATTITUDE OF FEDERAL ADMINISTRATION.

High wages paid by the Government to employees during the war for easy work, the outbidding by the Government for labor and a catering to labor interests were regarded in six instances as being responsible for, or contributing to reduced efficiency.

CAUSES OF INCREASED EFFICIENCY.

In assigning causes for an increase in efficiency, the employers mentioned

Profit sharing and (or) bonus.	21 times
High wages, increase in wages, steady work.	18 times
Industrial welfare work.	13 times
Improved manufacturing management.	13 times
Abatement of industrial unrest.	10 times
Education of employees and efforts to teach them cooperation.	8 times
Reduction of labor turn-over.	4 times
Less labor shortage.	4 times
H. C. of L. necessitating greater earnings.	4 times
Reaction from strikes.	2 times
Absence of unions.	2 times
Premiums for attendance.	2 times
Intensive training of labor for specialized operations.	1 time

PROFIT SHARING AND (OR) BONUS—HIGH WAGES.

That profit sharing and bonus are strong incentives to work was the feeling of a large number of employers whose employees are showing an increase in efficiency. Almost an equal number attributed their satisfactory experiences with labor to high wages and steady work. In both cases, apparently, the employees have the consciousness of receiving what they believe to be their proper share of the fruits of their labor.

INDUSTRIAL WELFARE WORK.

The improvement of plant conditions, the institution of plans of closer industrial relations, the introduction of various forms of social and recreational activities were in thirteen instances held to be responsible for an increase in efficiency.

IMPROVED MANUFACTURING MANAGEMENT.

That the production of labor can be increased by better management methods was the experience of thirteen employers. In only three cases was this improvement due to improved machinery. Change to piece work, simplification of working processes, new production managers, better labor control, improved methods, change of manufacturing schedules and intensive training of employees were the means by which these increases in production were brought about.

ABATEMENT OF INDUSTRIAL UNREST.

Reaction after strikes, general "sobering up" of labor had, according to ten employers, resulted in increased efficiency.

EDUCATION OF EMPLOYEES.

Eight employers found that their efforts to educate their employees along economic lines, to teach them the economic factors which govern wages and output and prices, had resulted in a better understanding and closer cooperation and hence in an increase in production.

In the April issue of the *CREDIT MONTHLY* appeared the first replies to this Labor Questionnaire duly classified under the following heads:

A.—DECREASE IN EFFICIENCY DURING THE PAST THREE MONTHS

B.—NO INCREASE IN EFFICIENCY DURING THE PAST THREE MONTHS

C.—INCREASE IN EFFICIENCY DURING THE PAST THREE MONTHS

The answers under D., E. and F. are as follows:

D.—LABOR LESS EFFICIENT THAN IN SO-CALLED NORMAL TIMES

A very large number of manufacturers find that their labor is less efficient than in so-called "normal" times.

A Corset Manufacturing Company, Michigan.

2. No.

3. To a general mental attitude in which the idea of work has become subservient to the idea of play; to a general lack of interest on the part of those in direct charge of production labor; to a general mental instability arising from the large number of openings for labor, and to a general competitive attitude between employers of female labor each

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vying with the other to see how much can be given to the employee, and how little can be demanded in return; to the ability to buy very expensive clothes on the installment plan in competition with people of means, and the consequent elevation of daily thinking to a plane above that of actual production; to a general lack of self discipline arising either from lack of proper training at home, or as a general mental result of the shaking up due to war conditions.

A Mill and Mine Supply Company, Pennsylvania.

2. No.

3. The demand for both skilled and unskilled labor has caused both male and female labor to recognize that their employers are necessarily dependent upon them. This has had a tendency to lessen their regard for any effort that employers are making toward the comfort, training, and other treatment accorded them, toward their well-being, and well-living, in these days of unrest and unstable conditions.

4. While I do not feel that labor is showing an increase in efficiency, I do feel that the development of industrial welfare work and the rewarding of efficiency and initiative will, in a large measure, present a solution to the unrest, and will tend to eliminate the independent attitude assumed by employees at this time.

It has been my pleasure in the last two months to visit a number of large industrial plants, throughout the East as well as the Pittsburgh district, and it has been my good fortune to talk to a number of employees. I have been very much interested in a study of the various conditions, and it is interesting to note the conception which the lesser educated workmen have of what the employers should do for their working people.

A considerable amount of education is necessary to bring about an appreciation of the many factors or costs incidental to the conduct of a business, of which they have no knowledge. Management has been somewhat responsible for this situation by its own lack of willingness to have generally known among the workmen the profits which have been made. The employer must be willing to lay his cards on the table face up, to bring about confidence. He must also show a willingness to make a fair distribution, not upon the unscientific basis of a set wage, but upon a basis elastic in character, after all proper charges are deducted, and fair returns paid upon the capital employed.

(Continued on page 39)

The Partnership Among Creditors

By *Victor Robertson*

Finch, Van Slyck and McConville, St. Paul, Minn.

THREE are no limits to the value of interchange and co-operation for when credit men are in partnership through mutual interests it is a general partnership and not a limited partnership.

Credit men as creditors are also in partnership with their customers, and the relationship should be intimate and constructive.

The credit extended a customer represents the relative investment of each creditor. The capital of the customer represents the customer's investment. Creditors, individually or collectively, often have a larger investment in the customer's business than the customer himself, and such a situation may be profitable to all concerned provided the customer is honest and has a money-making capacity. CAPACITY is the best asset, but it can only manifest itself by practical demonstration, and so in the building up of our customers into successful merchants we have a community of interest. Our Association has brought us into cordial personal relations with each other to this end.

In making an investment with a customer who is strong in CHARACTER and CAPACITY and weak in CAPITAL, it is very important to know whether our creditor partners

are of the right sort and few in number. Were it otherwise we would not feel enthusiastic over our investment.

When the creditor partners are few, understand each other and the customer, and all stand together for a square deal, the customer is in good hands, and he can use his credit liberally and safely. The interchange of ledger experience and other information bearing on our mutual interest enlarges our vision and supports our judgment.

Co-operation during what appears to be a merchant's successful career should lead to co-operation in the treatment of misfortune when it arrives. A failing debtor may be saved through a little help intelligently used at the right time. When a thorough investigation discloses a hopeless situation, then let us have a friendly adjustment by one of our adjustment bureaus, an impersonal adjustment. Why quarrel over a derrick? A reasonable loss is a legitimate waste. Let us take it gracefully and leave the liquidation to those best qualified to handle it and distribute the proceeds thereof equitably.

The average merchant is admittedly honest. The actual loss through dishonest failures is rela-

tively negligible. The most successful man is the self-made man. He cannot begin his career on a statement. He must create his CAPITAL. CHARACTER and CAPACITY—produce CAPITAL which endures. It is often a slow process, but in our partnerships with self-made men who are in the making, if they have the CHARACTER and the CAPACITY, we can well afford to go great lengths towards supplying the necessary CAPITAL. Credit so extended is profitable to all concerned.

The intimate relation with our customers and with each other through interchange and co-operation offers us the opportunity of building business in a constructive way, an achievement much to be desired.

Therefore, is it not worth while, now more than ever, to work together and concentrate our efforts on protecting and building up the merchant who has demonstrated his ability to succeed if helped? No merchant who has CHARACTER and CAPACITY should be allowed to fail for lack of CAPITAL.

We shall have to meet this situation during the period of readjustment near at hand; and we must stand together, use intelligent discrimination, and act wisely if we are to avoid abnormal waste.

Insurance Against All Sorts of Things

By *J. D. Whitney*

ACREDIT man was talking insurance with me the other day and didn't seem to appreciate the fact that if in good health he could insure himself against a great many contingencies other than death or fire. "There is hardly any calamity," I said to him, "against which one cannot provide." For example I told him that my boy was just a little over a year old when I got the idea of insuring him against *missing a college education*. I was forty-one and figured that by the time he was ready for college I might possibly want to go easy.

I went to an actuary and asked for a policy which would pay \$100 a month for four years, beginning eighteen years from then. The actuary went behind a screen and did a little figuring and said that if I took out a policy for \$4,473 it would produce the desired result. Consequently I had this policy written;

and a trust agreement was attached to it by which the payments will be taken care of whether I am living at the time or not. This agreement even includes what they call a spendthrift clause, making it impossible for any loan shark or other creditor to anticipate the payments. This, as I understand it, prevents the boy from going off and buying a Rola-mobile on the strength of what he is going to get when the policy matures.

During all these eighteen years my own life is covered with \$4,473 of life insurance, so that if I were to die tomorrow, a lump sum would be credited to my estate. Enough of this amount would be retained by the insurance company to produce, at the end of eighteen years, a sum necessary to provide \$100 a month for four years. The balance of the \$4,473 would be paid at once to the boy's mother or guardian. In case of my death tomorrow this lump

payment might be a considerable one. It grows smaller as maturity approaches. The cost would be smaller, of course, if I were younger.

Included in this charge is a small sum which provides for "permanent total disability." If I am completely disabled, I need not pay any more premiums and the company pays me \$44.73 a month as long as I live and suffer such disability. Furthermore the policy has a cash and loan value, and a paid-up value, and if I stop paying premiums on it it automatically continues itself for a while.

The credit man, on hearing this outline, got a new idea of how those wizards known in the unpopular world as actuaries will undertake to insure a man against the contingencies which would destroy his chance of accomplishing an important purpose or ideal in life.

Zephon Convicts Three Conspirators

Cowboy, Lawyer and Hotelman Find Their "Business" Methods Unprofitable

An Interview by J. K. Drake with

C. D. West ("Zephon")

DON'T run away with the idea, Mr. Editor, that, because I am the chief investigator of the National Association of Credit Men, I can land in the pen every commercial crook any member sickens me on to. I have had a great many years of experience in this line and I have put a number of these gents where the dogs couldn't bite 'em and where they have ample time to make up their minds that crooked business don't pay. But I am no starry-eyed wonder-worker, no sir—just a plain careful investigator with a knowledge of what the crooks are likely to do, whether they are new at the game or old offenders.

One case that was successfully closed up a few weeks ago was that of the—let's call it the Mooreville Mercantile Co., Incorporated, of Mooreville, Okla. I won't give the real names of the company or of the three men involved, because when the men get out of trouble I want them to have a fair chance to get back into the straight and cactus-grown path, if that is in any way possible! Do I think they are capable of living straight? Well, I am no prophet: See what you think yourself when I have told you the story.

There is no necessity either of giving these men's names to any of the credit men whose companies lost, in the aggregate, \$47,000 to the "Mooreville Mercantile Co." They will recognize the case all right.

When the crash came and the company went into bankruptcy after three months of active "business" it had received on credit from various manufacturers and jobbers, merchandise in the amount of \$47,000. These purchases had been made on the strength of financial statements. On the way to Mooreville, I studied the statement the company had been making. It showed that the company had been incorporated in Oklahoma with a capital stock of \$50,000, and read like this:

ASSETS	
Merchandise	\$30,000
Notes secured by Real Estate	15,000
Cash	5,000
Total.....	\$50,000

LIABILITIES	
Capital Stock	\$50,000

Later investigation revealed the fact that merchandise to the amount of \$45,000 had entirely evaporated within a couple of months. A large amount of it, however, was located near Dallas, Texas, and some more at Ada, Texas, and other places.

The incorporators were W. J. Cady, president; G. E. Queen, secretary, and A. J. May, treasurer. Mr. May turned out to be a chauffeur, just a dummy used to effect the organization.

THE HOTEL MAN

Cady was a man of about forty-seven, born in South Carolina, who had drifted to Texas and had operated in the hotel business. More recently he had been again in his favorite line in Oklahoma and had not given up the hotel business until he had started his career as a merchant prince with Queen in this newly incorporated Mercantile Co. On making a study of all the personal habits to which he was addicted, I learned that he was not a tobacco addict, but—well, he had so strong a hankering for his old line of business that he got the Mercantile Company to lay in a stock, from one of the biggest hotel dry goods houses in the country, of hotel supplies sufficient for a fifty-room hotel which he had already leased in Mooreville. He was a slender, raw-boned, silent and apparently gentlemanly feller. He dressed quietly and always wore a fedora hat.

THE FLASHY COW-MAN

Queen, on the other hand, was very much of a Texyan sport, with a big cream-colored Stetson hat and high-heeled boots inside the legs of his trousers. He was about twenty-seven, and trotted all the different gaits. He rolled his own, had a leaning towards wine and—song, and was fond of travel in spite of the fact

that he had a fine wife and daughter.

THE ATTORNEY

The incorporation papers showed that the attorney for the company was one D. W. James. He got himself up like a lawyer of the old South-West, with a big cigar, black hat and Prince Albert. As he had borne for some time an unsavory reputation in the neighborhood, I was not surprised to find that the stock of merchandise valued in the statement at \$30,000 was inventoried, when shipped to Mooreville, at \$60,000. I also discovered that the notes listed in the statement purported to be vendor liens on property situated in three different counties in Texas.

I journeyed to the three county seats,—two of which were many miles from the railroad,—and got affidavits from the county clerks to the effect that no such land as described existed in those counties.

I got track of a small shipment to the Mooreville Mercantile Co. from Kaufman, Texas. Near Kaufman I found a farmer who had had stored for ten years a small bankrupt stock of merchandise, which he had taken in a trade. In order to avoid further storage charges he had had the stuff shipped to Kaufman and put on sale. A local advertisement of the sale attracted the attention of the three incorporators of the Mercantile Company. But a fire almost entirely destroyed the merchandise before they arrived in Kaufman in a second-hand automobile belonging to Queen to look it over. The farmer was figuring on how much it would cost to haul the mess away, and was pleased and astonished to be able to trade it for the second-hand car, which he subsequently sold for \$200.

After the rubbish had been shipped to Mooreville, the Mercantile Company got very active in placing orders in the Chicago, St. Louis, Kansas City, St. Joe and other markets, buying all they could on credit.

After this and other evidence had been presented to the Federal Grand Jury, Cady and James, the attorney,

were arraigned and gave bail for their appearance.

But Queen faded gracefully from view, and gave me a long chase. The trick he turned that gave me most trouble and et up most of my time was his use of the uniform of the U. S. Navy.

COLLATERAL DOPE VALUABLE

I always make a practice when I start out after a feller who doesn't want to meet old Zephon to accumulate all the dope possible, including names, addresses, habits, etcetera, on the feller's sisters, cousins, antecedents, wives and affinities. So I knew that Queen had an affinity named Marie, in San Antone. I got in with a man there who knew a friend of Marie's called Maud, and I sent word to Maud that Mr. Queen was wanted because he had been a witness some years before to a will of a Texan who had died, leaving an unexpectedly big fortune. As I hoped, Maud told Marie, and Marie promptly wrote to Queen.

EVADING OLD ZEPHON

But Queen smelt a mouse and proceeded to put one over on Zephon by going to Norfolk, Va., and having himself photographed as a sailor in the borrowed uniform of a friendly gob. I was kept busy for several months up and down the Atlantic Coast, giving the once-over to about thirty-five thousand healthy young heroes at all the training stations, naval bases and embarkation points! That sure was one on Zephon.

But Queen was only delaying his final capture, which took place in a suburb of Denver, where he had been traced through another affinity. He was landed in jail in Guthrie, Okla., and duly brought to trial.

During the trial at Oklahoma City, we had several pleasant laughs together. He said to me one day:

"You certainly kept me busy. I will say you can cover an awful lot of ground. I used many disguises. Once while I was working as a laborer on a building in the heart of Little Rock, I saw you rambling along the street and I thought my time had come. You didn't get me till two months later, though, did you?"

Cady and Queen pleaded guilty, but the attorney James demanded and got a trial. The jury disagreed, not among themselves, but with him: they brought in a verdict of guilty.

THE MORAL

Moral of the story? Don't ask me. But I reckon a moralist could dig out several from this case. A business man can get this out of it: Don't put too much dependence on an unverified financial statement made by persons of unknown antecedents.

I Serve

A Word from the Northwestern Conference

THE conference of Northwestern credit men brought forth some very interesting and instructive discussions. Speakers generally hastened to align themselves on one of two sides. The favorite slogan was "I am an Optimist," though a few reluctantly confessed the sin of pessimism. Optimists were then subdivided as "rational" and "crazy." Many factors entered into these classifications, but reduced to their lowest terms, an optimist seems to be one who believes that prices will be maintained in 1920, while the pessimist fears they will not. Is it not possible to look at this question from a broader point of view, and still have hope for the future?

As credit men, we control to a large extent the policies and purposes of the manufacturers and distributors of goods in this country, and some foreign countries. What we think and believe will have a tremendous psychological effect on the entire business world with whom we come in contact. Are we going to hold that the sole function of our business is to show a fine profit at the end of each year, in figures which in themselves may even be deceiving? Our primary purpose, our "raison d'être" is the manufacture and distribution of goods. If we do this efficiently, society will reward us. If we ultimately fail, we will be swept aside and other means employed. Should events so shape themselves that we must function in 1920 without profit, or even with a loss, we should face the situation without the "bat of an eyelash." And the greatest business sage will have to admit, in the present chaotic business condition, that he cannot see very far on the road ahead.

The economic world is sick. High prices are merely a symptom, like fever. The fundamental troubles are war waste, and under-production. An accelerated production is the only remedy. But such increased production must be on economical lines, and on firm financial basis. Good management must prevail, no wildcat speculation. It behoves us all to keep our heads. If there is a shortage of some particular article, a rush into the field by many firms to supply that demand would be likely to result in over-production and perhaps disaster.

With these things in mind, we must nevertheless look upon falling

prices as an evidence of a catching up in production and a recovery from a fundamental economic ailment. Doctors tell us that the convalescent period is one of great danger, but is it therefore to be feared and shunned, or purposely delayed? On the contrary, it should be welcomed, as it heralds complete recovery. Let us prepare for it, and guard our common patient carefully during the crisis. Most well-managed business houses have foreseen this critical period for several years, and are prepared. I believe we will pass through it with the least possible disturbance. The accumulated poisons in the business system will of necessity bring about increased liquidation, but what credit man is unprepared for a larger ratio of losses? Collections will no doubt be somewhat affected, but year in and year out we find them to be controlled chiefly by crop conditions. The main loss will be in the margin of profit.

Export figures have a vital effect on domestic supply. What happened in pork when Europe suddenly ceased buying may happen in any line. Shortage of goods varies in the different lines, so that price declines when they come may not be uniform. When pork dropped, not even corn went down correspondingly. The shortage in all kinds of steel is now acute, but textiles and other lines show increasing stocks. Conditions are chaotic, but it is generally conceded that the long looked for peak has been reached. Whether the grade on the other side is gradual or abrupt the best financial mind can only hazard a guess. But let us face the future with a firm heart and a stiff upper lip, determined to go about our daily task with a clear brain and a will to do. If we as manufacturers and distributors of goods necessary in this complicated civilization, do our duty, conscientiously, we will reap our reward in the end.

Praise for the Credit Monthly

A very flattering lot of "boosts" for the CREDIT MONTHLY have been crowded out of this issue by the press of material that seemed to the editors to be more important to our readers. A sample is, however, printed on page 5.

Elementary Foreign Credits

By L. John Bergman

Pass & Seymour, Inc., Syracuse, N. Y.

THE fundamental business methods which have been successful in domestic business will also make for success in foreign trade. The differences which sometimes monopolize our attention are in a large part surface or temporary obstacles that may be easily overcome.

Doing an export business is neither difficult nor complicated. In most instances, it is as easy to make shipments to foreign markets as to domestic markets. It is true more details are involved and a little more care exercised in the preparation of the documents which cover the shipments, but exactly the same principles are used in deciding upon the credit risk.

In domestic trade, you endeavor to have all of your customers do business with you along the lines of your own policy, terms of sale and terms of discount; but when you go into the export market, it is necessary to make some changes and adapt yourself at least partially to the methods of doing business as established by your European competitors, not that you should not early establish a policy, particularly a credit policy, but you will be confronted with conditions with which you will have largely to conform. Yet, so far as possible, the policy which governs your foreign trade should harmonize as far as can be with the policy governing domestic transactions. Keep in mind the laws and customs of the countries in which you wish to trade.

When exporting is mentioned today, most of us think it means selling to Canada, Cuba, Mexico or South America. An American consul once wrote: "The average American business man thinks that half the world outside of the United States is populated by Dutchmen and the other half by Dagoes. Customers in other lands do not have long ears and do not walk on four legs."

Until your vision is broadened so that you know intimately the markets of South Africa, the Far East, Russia and India, you must remain far short of your possibilities.

No work is so broadening as foreign trading. In doing business with the world, you are brought face to face with new conditions and new problems. You must of necessity

study the nations of the earth, their peoples, their commerce and their ways of doing business. You have new lessons in geography and in languages. You are all the time learning some new aspect of business, about ocean shipping, about marine insurance, about international banking and exchange.

The exporter, to be successful must become a broad-minded business man in the highest sense of that term, because the man of small ideas cannot be an exporter long when attempting to do business with the biggest and best merchants of other countries in competition with the ablest manufacturers and producers of the world.

Export business, to be profitable, must be permanent, each order making the basis for another. An initial order of today should be handled with the wisdom and intelligence that will bring larger and repeated orders continuously for years to come.

The credit aspect of foreign trade is exceedingly important. The extension of foreign credit is not shrouded in any mystery nor does it involve undue risk as compared with domestic credit. The basic and fundamental elements are the same, Character, Capacity and Capital. To measure these elements, the Foreign Credit Interchange Bureau of the National Association of Credit Men is a most important and reliable source of information on foreign concerns.

Again there is the National Association of Manufacturers; the Philadelphia Commercial Museum; R. G. Dun & Co., Export Department; the American Express Export Department; American Exporter and the large banks of our large cities.

The continuous activities and the definite progress of these organizations toward improvement in technique and co-operation with export merchandisers, form one of the most significant and pleasing factors in our foreign trade building.

The foreign prospective customers in some countries are extremely sensitive about being questioned as to their financial worth. In answer to a request for information about their affairs, they will tell you about the importance of their family connec-

tions, their political standing, the length of time the business has been in existence; but rarely do they set out for you their assets and liabilities or give you anything tangible on which to establish a basis for a line of credit.

They are quick, upon request, to give you a list of mercantile houses in the United States from whom they have purchased, but these are of little value, the reason for which is that commonly the firm answering such query gives only a part of the information it possesses and which it ought to give in the interest of a broader American export business.

I do not mean that it is incumbent upon any concern to divulge special arrangements that they may have with their foreign customers, but that it is unfair to give a copy of their ledger accounts showing delays in payment which they can explain away if they will.

An example of misleading information conveyed by the stereotyped answer is—"Gonzales & Cia. Terms 90 days; payments average five months"—which would indicate that Gonzales & Cia. were chronic slow payers. As a matter of fact, the terms were ninety days, sight draft, attached to bill of lading and drafts in every instance had been accepted promptly and met at maturity—the additional sixty days merely covering the time in transit of goods and draft and return of payment as agreed.

FINANCING EXPORTS

Concerns doing a large and active world-wide export business claim that their percentage of loss through uncollectible accounts is very low, almost nil. The reason is that in most cases the account is begun with a definite understanding by both seller and buyer as to the terms and conditions involved. There are many ways of financing export shipments, such as

Cash with order,
Bank Credits,
Confirmed Bankers Credits,
Commercial Letters of Credit,
Open Credits,
Time Drafts,
Sight Drafts,
Acceptance Drafts.

CASH WITH ORDER

It is not always easy to induce a foreign customer to send cash with order. He may not know as much about the seller as the latter does about him and he must be convinced in his own mind that the seller is a responsible concern before he will entrust his money. The natural reluctance of a foreign importer to pay for his goods in advance is not difficult to appreciate because some of them have had unpleasant if not costly experiences in their efforts to initiate business in new lines. There have been too many instances of American manufacturers receiving, filing away and forgetting bank drafts and money orders attached to customers' orders. Other insolvent manufacturers have used funds sent to them in advance and failed before shipment could be accomplished, the unfortunate foreigners' money going with other assets into the hands of receivers.

BANK CREDITS

When cash is required upon shipment of goods from this country, an arrangement much better than cash with order and one which amply secures both parties, is to have the customer open a bank credit with one of the responsible banks in New York.

There are innumerable forms and variations of credits which may be opened by foreign importers, in favor of those from whom they buy. Such credits simply require that the customer in a foreign country instruct his local banker to make arrangements with their corresponding bank in New York or any other city in the United States to pay a certain amount of money to certain United States concerns in compliance with certain terms which are specified. In instances of this kind, a confirmed bankers' credit should always be requested. This means that the United States bank be instructed to notify the United States manufacturer in whose favor the credit is opened that it has received funds which will be paid out under specified conditions. These bank credits are commonly called cash credits because payable in cash against presentation of the shipping documents.

COMMERCIAL LETTERS OF CREDIT

Time credits are those drawn for a longer period and are usually covered by Commercial Letters of Credit. An import letter of credit is an authorization setting forth the terms under which the exporter of merchandise may draw a draft for what he has sold. Sometimes the letter of credit is addressed to the

seller and reads: "You are authorized to draw upon such and such a bank under the following conditions."

In an ordinary letter of credit of this sort, the exporter is simply given authority by the bankers to draw and get his money.

OPEN CREDITS

Open credits as applied to foreign charges do not differ from the same procedure followed in making domestic transactions, shipping goods, sending an invoice and shipping papers, making a charge on the books and trusting to customers' financial ability and paying reputation. In other words, the open credit is the same as the open book account, and whereas this may prove satisfactory on approved border accounts such as Canada and Mexico, it is hardly acceptable in transactions over seas and even on border accounts should be replaced, so far as possible, with the trade acceptance, which has become so popular in this country within the past few years.

TIME DRAFTS

Time drafts are those drawn at 30, 60, 90 days or some other period after sight. After sight means after the day the drafts have been presented to the consignee. Time credits in foreign trade are in the great majority of instances based on acceptances of such drafts. The draft when accepted becomes the equivalent of a promissory note but it has the additional character of bearing on its face evidences of covering a legitimate and undisputed business transaction. With the delivery of the bills of lading upon his acceptance of a time draft, the extension of actual credit begins.

Time drafts drawn against foreign merchants are often referred to as bills of exchange, and they are the accepted method of financing foreign business, and when these drafts are accompanied by all other papers pertaining to the shipment, they are known as documentary drafts. The documentary draft safeguards the interests of the shipper and insures delivery of a shipment to consignee only after the latter has met the terms made by the shipper.

SIGHT DRAFT

A draft drawn at sight must theoretically be presented by bankers at drawee's address immediately upon its receipt and then and there promptly paid.

ACCEPTANCE DRAFTS

An acceptance draft is the same as a time draft or bill of exchange with this qualification, that drafts

drawn at certain periods of time after sight are usually subject to instructions to bankers to deliver documents against acceptance (D. A.), and this gives actual possession of goods as soon as drawee has accepted the bill, while drafts at a stated length of time, usually after sight documents for payment (D. P.) do not permit the turning over to the customer of the bill of lading until actual payment has been made.

DRAFTS IN DUPLICATE

Foreign drafts are always drawn in duplicate known as "First of Exchange" and "Second of Exchange," one becoming void when the other has been duly satisfied. This is following the general practice of sending valuable documents overseas—one set going on one steamer or mail (the steamer goods go in) and the duplicate set on the next later sailing.

STATEMENTS

It is not necessary to send monthly statements when shipments are made on a draft-attached-to-document basis and many foreign merchants resent their use in connection with such draft shipments, claiming that when they accept a draft their indebtedness is to the bank handling the draft and not to the manufacturer.

Where open credit is extended, it is an excellent and growing practice to have statement forms printed in the language of the customer, thereby paying a delicate compliment to the foreign merchant.

Chattel Mortgage

AN elaborate and searching inquiry into the subject of chattel mortgages in all states has been made by the Uniform Sales Service Company of Cleveland and the results set out in loose leaf form. The chattel mortgage, its filing and recording, its bearing on the uniform sales act; the rights and remedies of mortgagor and mortgagee; the subjects of warranty, assignment and bankruptcy, are treated for all states. There is an appendix setting out forms, general and special. There goes with the service the promise of supplementary matter through the year in which are recorded new legislation and decisions which qualify the chattel mortgages of the various states. Credit departments which use the protection of the chattel mortgage in their sales will do well to investigate this highly practical service.

A Doctor of Credit as Well as An M.D.

HOW a physician of Luling, Texas, Dr. Clay Nichols, took hold of the business affairs of one of his fellow-citizens, A. B. Williams, was told in the January issue of this publication. The bankrupt had quit farming and ventured into storekeeping, without and knowledge of business; he could not even read or write, but as Dr. Nichols says "can laboriously draw a picture of his name, which passes for a signature."

The final outcome of this case, in which the patient was suffering not from physical but from financial illness, is told in a letter from the special Luling, Texas, correspondent of The Credit Monthly.

Dr. Nichols applied his trained powers of diagnosis to Williams' finances just as he would have applied them to his physical ailments and was able to present to the creditors an exact picture of the condition which he found. As a result he was made the assignee by the unanimous choice of the creditors.

The first step was to take an inventory of stock on hand, a total of \$519, made up principally, as Dr. Nichols stated, of "things we occasionally buy but rarely ever need, as is apt to be the case with a store which for some time has been struggling against the heavy odds of an exhausted credit. He was therefore handicapped in the stock's disposal, and after working at it for nearly two months the assignee's account at the bank disclosed \$150 to its credit.

With that much of the stock liquidated, Dr. Nichols called in two local

business men with the request that they estimate the stock's tangibility or "intangibility" as he puts it. They gave it as their opinion that the man who would pay anywhere from \$75 to \$100 for the remnant of stock still on hand, could be classed among optimists of the purest ray serene and of the sort to purchase abandoned wild-cat oil wells for the purpose of cross sectioning into post holes.

It was then that Dr. Nichols proposed to Williams that he would advance the amount necessary to declare a dividend of twenty per cent to thirty creditors if the latter would allow his wife to proceed with the sales and repay the doctor on a basis of eight per cent interest for the loan, she to have the remnant of the goods that might remain after the loan was repaid; further Williams was to get a job calculated to provide his family with bread, meat and molasses.

This was agreed to and Dr. Nichols advanced about \$135 in addition to the amount in bank, whereby \$233.75 was distributed to the thirty creditors with claims aggregating \$1,165.71 while an additional \$50 was applied to advertising, printing, attorney fees, postage, cost of taking stock and telephone tolls. Other expenses, including rent, had been taken care of out of candy and fruit sales, made possible by the purchase of small supplies by Dr. Nichols with his own money.

Of the creditors on the list, all had been agreeable to the assignment with two exceptions. These had small accounts from which

nothing had been heard. One firm graciously wrote "paid" across face of account, thereby settling the score; however checks went forward to each and every creditor based on the twenty per cent.

The grand prize, \$54.80, went to a Lockport firm, and the consolation award 50 cents, found its way to a Houston corporation. Both creditors have Texas added to the addresses of their respective firms, which causes Dr. Nichols to remark by way of parenthesis, that he was Texas bred, born and reared and when Old Marster designates the schedule, time and place for convening the Grand Council of hereafter, he hopes to start from good old Texas.

There is satisfaction in the case in the fact that the fine sense of fair play and general sportsmanship exhibited by one man of medicine was responded to in equally good spirit by the credit men interested.

A Nashville member of the National Association of Credit Men wrote a letter of congratulation to Dr. Nichols for his work in the matter of the A. B. Williams assignment and in acknowledging this letter Dr. Nichols said:

"I acted on the theory that manufacturers and jobbers are human, honest, ready and willing if given the facts in any particular case without frills or furbelows. Further, they only ask that those in charge of bankrupt estates be half way honest and that this slight modicum of honesty be mixed with a few teaspoonsfuls of ordinary, everyday horse sense,—and the trick's turned."

No Place for the Coward in Credit Work

By Clarence Braden

Federal Chemical Co., Louisville, Ky.

COWARDICE is the personal characteristic which to my mind militates most against a credit man's success, not that the credit man is necessarily a moral coward, or that in the handling of his individual affairs he cannot take care of himself. He is afflicted with the sort of cowardice in his work, which results in indecision and robs him of that confidence in himself which is essential to passing on credits and the collection of accounts after they have been put on the books.

Oftener than not the fault is not with the individual credit man, but unconsciously it settles itself upon

him as a result of interference and criticism from the head of his house or from some other department of the business, which makes the brow-beaten credit man feel that he is continually on the defensive.

If such are the conditions under which he works, his value is seriously diminished and his efficiency impaired. If he is a coward because of conditions surrounding him, he should see to it that the conditions are changed; if he is a coward by nature, he has selected the wrong calling. There is no place in the credit world for the man with the down-in-the-mouth-hang-dog look about him, for the man not sure of

himself, his convictions, or his job.

Bad health and personal imperfections also militate against a credit man's success. If he is not easy of access and does not possess a pleasing personality, he cannot hope to be successful in dealing personally with a debtor. He must have such confidence in himself as will convey an impression of assurance, but he must also be human in the fullest sense of the word and where occasion demands it, considerate and even sympathetic. Extremes either way will militate against his success, but the happy medium fortified by a knowledge of sound credit methods will inevitably make of him a success.

Failing to Get Release in One District, Bankrupt Tries Another

THE National Association of Credit Men has consistently preached the necessity of vigilance on the part of creditors in the administration of bankrupt estates. No better illustration of the importance of this preaching could be had than the recent experience of creditors in the case of one Nate Morris, whose history is, in brief, as follows:

On January 4, 1917, Morris, having accumulated a large volume of indebtedness through his operations in the city of Memphis, became financially involved and filed a voluntary petition in bankruptcy in the United States District Court for the Western District of Tennessee. He was duly adjudged bankrupt, and, for reasons which appear from an inspection of the record of the proceedings, he allowed the statutory period of twelve months to elapse without making application for a discharge from his debts. Subsequently thereto, such application was made and was denied by the court. The estate paid two small dividends and the creditors charged off the balance to Profit and Loss.

Two years elapsed, and on January 21, 1919, the creditors whose claims were scheduled in the bankruptcy proceedings in Memphis, received notification that a certain Nate Morris had been adjudged an involuntary bankrupt in the United States District Court for the Southern District of New York. None of the creditors took action at the time and on August 12, 1919, Morris made application to the same court for a discharge from all debts proveable against his estate.

At this point the Langenberg Hat Company, Morris & Company and the George F. Dittman Boot & Shoe Company—all of St. Louis—suddenly came to an appreciation of the situation and sought advice as to whether or not the debts which had been scheduled in both bankruptcy proceedings, but from which the bankrupt failed to obtain a discharge in the previous proceedings, would be discharged in pursuance of the application of the bankrupt to the District Court in New York. The advice which they received was that unless specifications of objection to discharge were interposed in the New York proceeding, Morris would obtain there a complete discharge from all his debts and obtain through the indolence of creditors that which in the previous proceed-

ing, when the creditors were alert, he had failed to obtain.

Without waiting to obtain the cooperation of the other thirty or forty creditors, these three concerns agreed to accept the responsibility of attempting to block the bankrupt's scheme, and succeeded in filing specifications of objection to discharge on the last day before the time to object expired.

It was an eleventh-hour proceeding and was vigorously contested by the attorney for the bankrupt, who tried to appeal to the creditors' sympathies and urged them to withdraw their objections, promising, through some outside channel, that these three creditors would be "taken care of" if they would withdraw from the proceedings and allow the discharge to be granted. Instead of accepting the bankrupt's suggestion, which indeed would have constituted a breach of the penal provisions of the bankruptcy act, the creditors set to work to interest other creditors in the proceedings and actually succeeded in obtaining promises of financial assistance from seven other concerns.

The specifications were referred to Referee John J. Townsend for hearing and, in an extended opinion, all of the objections were sustained. The Referee said in part:

"A comparison of the bankrupt's Schedule A-3 in the present proceeding No. 26498 with the bankrupt's Schedule A-3 in the first proceeding will show that, with few exceptions, the creditors listed in Schedule A-3 in the present proceeding are identical with the creditors listed in Schedule A-3 in the first proceeding.

"It is now well settled law that a bankrupt's failure to apply for a discharge in a first proceeding, irrespective of the cause of such failure, is a bar to the granting of a decree of discharge in a second proceeding against the creditors scheduled in such second proceeding, who were also creditors scheduled in such first proceeding.

"The above proposition of law is based on the doctrine of *res adjudicata* as to the right to a discharge and not on the terms of the statute, Section 14-b(5), forbidding a discharge where the bankrupt in voluntary proceedings has been granted a discharge within six years.

"The bankrupt here contends that the above rule of law does not apply to bar the present application for a discharge under Section 14 of the Act because the present application is made in an involuntary proceeding rather than in a voluntary proceeding.

"I find nothing in the cases to justify this contention.

"It is true that in most of the reported cases both proceedings were voluntary proceedings. In *re Kuntz vs. Young*, *supra*, and in *In re Weintraub*, *supra*, the first proceeding was an involuntary one

and the second proceeding was a voluntary one.

"I find no reported case in which the second proceeding was an involuntary one and the first proceeding a voluntary one.

"I regard the application made for a discharge, voluntarily made under Section 14 of the Act, a separate and substantive proceeding raising distinct issues of law and fact, whether made in the course of a voluntary or involuntary proceeding in bankruptcy.

"Such application for discharge is determined by the same rules of law, whether made in a voluntary or involuntary proceeding in bankruptcy.

"The same issues of law and fact arise in the application for discharge whether the proceeding in which the application is made is voluntary or involuntary."

The Referee's report was confirmed by Judge John C. Knox, on application to the United States District Court, and an order was entered denying the bankrupt's application for discharge as to all debts which accrued prior to January 4, 1917, the date of adjudication in the first proceeding.

Another Step on the Ladder

ELMER ROBLIN has been made a director of the Sibley, Lindsay & Curr Company, the great Rochester dry goods house of which he has been credit manager for many years and in general charge of the office affairs. Mr. Roblin served as president of the Rochester association a few years ago.

THE export and credit managers of Philadelphia houses, engaged in the export line, have come together to form the Philadelphia Export Club of the Credit Men's Association. Committees have been formed to cover export development, export credits, foreign exchange and the improvement of Philadelphia's export facilities.

THE shortage of paper used in printing the Reciprocal Trade Inquiry Forms has been overcome.

WE can again fill orders promptly.

SEND for samples.

National Association
of Credit Men

Loss and Damage Claims Against Common Carriers

Cleared Up by the Decker Case

By a Member of the New York and Connecticut Bars

W. Randolph Montgomery

of Counsel of the National Association of Credit Men

WIDESPREAD misunderstanding has resulted from the recent decision of the Interstate Commerce Commission in the case of Jacob E. Decker & Sons vs. Director-General, Minneapolis & St. Louis Railroad Company et al.

The Decker case was brought to obtain from the Interstate Commerce Commission a ruling on the reasonableness and propriety of certain provisions of the uniform bill of lading with respect to claims for loss and damage. Section 3 of the bill of lading and Section 7 of the uniform express receipt provide that claims for loss, damage, or delay must be made in writing within four months after delivery of the property, or, in case of failure to make delivery, within four months after a reasonable time for delivery has elapsed; and suits for loss, damage or delay shall be instituted only within two years and one day after delivery of the property, or, in case of failure to make delivery, then within two years and one day after a reasonable time for delivery has elapsed.

It has been a practice of the transportation companies, under instructions from the Railroad Administration, not to pay claims where the two-year period had expired and certain of the express companies, notably the Adams Express Company, which were merged in the American Railway Express Company in July, 1918, have consistently refused to entertain any claim for loss or damage which was not filed or sued exactly in accordance with the terms of the carriers' contract. The Adams Express Company is understood to have no intention of resuming business, and has adopted a policy of strict interpretation of its contract which, coupled with great delay in passing upon the validity of claims, has resulted in the barring of thousands of dollars' worth of claims against the company because of the two-year contractual period of limitation.

The decision in the Decker case was awaited with great interest by shippers throughout the country who

have suffered through their inability to make a collection on claims otherwise valid, but not sued within two years and one day from the date of shipment.

The United States Railroad Administration issued a ruling to regional directors on July 22, 1919, reading, in part, as follows:

"Should the decision of the Commission be favorable to the payment of such claims, it will be the policy of the Administration during a limited period thereafter, to pay all meritorious claims of this kind, provided the consent of the railroad corporation may be secured."

It was contended by the carriers in the Decker case that the Cummins Amendment to the Interstate Commerce Act, prohibiting discrimination between shippers, makes it unlawful for the carrier to waive the period of limitation for action or the period for filing claims. In support of this view they relied upon the decisions of the Supreme Court in Phillips vs. Grand Trunk Ry., 236 U. S., 262, and in Georgia, Florida & Alabama Ry. vs. Blish Company, 241 U. S., 190, asserting that the ruling of the Supreme Court in the Phillips case was that under a statute which indicated its purpose to prevent suits on delayed claims, the failure to assert the right to recover within the prescribed period not only barred the remedy, but destroyed the liability.

In the Blish case the court dealt with the four-months' clause of the bill of lading, and said among other things:

"But the parties could not waive the terms of the contract under which the shipment was made pursuant to the Federal act; nor could the carrier by its conduct give the shipper the right to ignore these terms which were applicable to that conduct and hold the carrier to a different responsibility from that fixed by the agreement made under the published tariffs and regulations. A different view would antagonize the plain policy of the act and open the door to the very abuses at which the act was

aimed. (Chi. & Alt. R. R. vs. Kirby, 225 U. S., 153, 166; Kansas Southern Ry. vs. Carl, *supra*; A. T. & S. F. Ry. vs. Robinson, 233 U. S., 173, 181; Southern Ry. vs. Prescott, *supra*.) We are not concerned in the present case with any question save as to the applicability of the provision, and its validity, and as we find it to be both applicable and valid, effect must be given to it."

The Interstate Commerce Commission holds that while these cases are undoubtedly authority for the proposition that limitations in the bill of lading must be strictly adhered to and may not lawfully be waived, the provisions of the Cummins Amendment "did not evidence any intent on the part of Congress to erect a statute of limitations barring the payment of seasonably filed claims after any given period. These provisions merely prescribed a minimum period to be provided by the carriers for filing claims and a minimum period for instituting suit."

One of the purposes of these provisions is to facilitate prompt investigation of claims, and that the carriers may not be required to defend suits brought after the expiration of the two year and one day period. The bill of lading does not provide, however, that the filing of suit shall be a further condition precedent to the consideration upon its merits for the payment of a valid claim seasonably filed with the carrier.

Obviously where the carriers pay such claims, they must avoid unjust discrimination in doing so, but the mere act of adjusting a claim after two years and one day, where the carrier did not conclude its investigation within that period, cannot fairly be regarded under the bill of lading provisions above quoted as a waiver of defenses open to it.

The purpose of the limitation with respect to filing suit is not that the carrier may escape liability, but that if called upon to defend a suit, the suit must be instituted within the period specified."

Passing from this point to a consideration of the reasonableness and

propriety of the bill of lading provisions, the Commission holds that the provisions in question were and are unreasonable, unjustly discriminatory and unduly prejudicial and for the future prescribes in lieu thereof a rule that would be substantially as follows:

"Suits for loss, damage or delay shall be instituted only within two years and one day after delivery of the property, or in case of failure to make delivery, then within two years and one day after a reasonable time for delivery has elapsed; Provided, however, that where claims for loss, damage, or delay have been duly filed with the carrier, and such claims have not been definitely declined in writing by the carrier before the beginning of the last six months of the two-year-and-one-day period, then suit thereon may be filed within six months from the date the claims are definitely declined in writing by the carrier, but not after. Where claims for loss, damage or delay are not filed, or suits are not instituted thereon, in accordance with the foregoing provisions, the carrier will not be liable, and such claims will not be paid."

The Commission emphasized the point that it has never issued a ruling prohibiting carriers from paying claims on which suit has not been brought within two years, and directed the carriers to modify their bills of lading provisions in accordance with the conclusions expressed in this decision.

The net result of the decision in the Decker case is that the provisions of the bill of lading characterized as unreasonable and unjustly discriminatory, which have been the occasion of the many complaints against the Adams Express Company and other carriers, will be modified hereafter in such a way as to give adequate time for suit after the declination of a claim. As to contracts made in the past, unless the carrier voluntarily undertakes to settle claims which have not been sued within the two year and one day period, the Decker case affords no relief. It is understood, however, that certain of the carriers, among others the American Railway Express Company, have issued instructions that outlawed claims be paid, when it is clear that the express company was responsible for delay in settlement.

The state courts from time to time in past years have held that certain actions on the part of common carriers have amounted to an express waiver of the provisions of the contract limiting the time for filing

claims and the period for instituting suit. As, for example, when the courts of the state of New York held that tracing a shipment after the expiration of the four months' period constituted an express waiver, or again where a carrier upon receiving a delayed notice of loss deliberated upon a claim for three months and placed its refusal to pay upon the merits and not on failure to give notice in season; or, again, in an early case where the time used by the carrier in searching for the goods, which it was subsequently unable to locate, excused the shipper from presenting his claim until the carrier had completed its search. Later cases, however, in the Federal Courts seem to have disposed effectually of the possibility of waiver by the carrier of the provisions of the contract, and the highest court of the state of Massachusetts, in the recent case of *Metz Company vs. Boston & Maine Railroad Company*, 227 Mass., 307, finds the question of waiver set at rest by *Georgia, Florida & Alabama Railroad Company vs. Blish Company*, 241 U. S., 190 (quoted in the Decker case above), where it is said by the Supreme Court at page 197, "the parties could not waive the terms of the contract under which the shipment was made pursuant to the Federal act; nor could the carrier by its conduct give the shipper the right to ignore these terms which were applicable to that conduct and held the carrier to a different responsibility from that fixed by the agreement made under the published tariffs and regulations. A different view would antagonize the plain policy of the act, and open the door to the very abuses at which it was aimed." Applying these words to the case at bar, the Massachusetts court said, "This decision appears to mean that, when the form of the bill of lading with its numerous contractual provisions has been filed according to law with the Interstate Commerce Commission, and the interstate rate for transportation has been fixed with reference to the terms and obligations of that uniform bill of lading, then those contractual terms and obligations become a part of the rate established and neither party can depart from them. The shipper and the carrier become bound inexorably by them.

Waiver by the railroad of an obligation resting on the shipper or consignee would operate to that extent to create a preference in favor of that particular shipper or consignee and a discrimination against all others to whom a like concession not made. . . . The public policy of the country has been declared

to this end in no unmistakeable terms in numerous decisions."

While there are some recent cases to the contrary the true rule would seem to be that laid down by the Massachusetts court in the case just quoted, and now reaffirmed in principle by the Interstate Commerce Commission in the Decker case.

SUFFICIENCY OF NOTICE OF LOSS

It has been stated that the fundamental reason for a stipulation requiring notice of a claim for damages to a shipment is not to relieve the carrier from just liability, but reasonably to inform it that the shipment has been damaged, and that it is charged with liability therefore, and to give it an opportunity to examine the nature and extent of the injury. But such a stipulation is to be "construed in a practical way" (*Georgia, Florida & Alabama R. R. Co. vs. Blish*, 241 U. S., 190). There must, however, be at least a substantial compliance with the stipulation requiring notice, and it has been held by the Circuit Court of Appeals that the stipulation requiring the presentation of claims is not complied with by a notice that the shipper is *going* to put in a claim, or that there will be a claim against the carrier for damages (see *Kidwell vs. Oregon Short Line R. R. Co.*, 208 Fed., 1). So also a mere inquiry as to the whereabouts of a shipment, and a request that it be traced do not constitute notice of a claim for damages (see *Atlantic Coast Line R. R. Co. vs. Bryan*, 109 Virginia, 523). It seems that it must be possible from the writings at hand to spell out a clear indication to the carrier that a claim is made. No formal language is necessary, and in the absence of a special provision, the claim need not contain a complete statement as to the injury and the resulting damages (see *St. Louis I. M. & S. R. R. Co. vs. Starbird*, 243 U. S., 592, holding that a consignee should give the required written notice of intention to make a claim for damages within the stipulated time even though such time was too short within which to determine the amount of his loss).

The uniform express receipt provides that the notice must be in writing, and must be given to the originating or delivering carrier, and under the terms of the Carmack Amendment to the Interstate Commerce Act notice to either the originating or delivering carrier is notice to all connecting carriers through whose hands the interstate shipment passes.

Where it is impossible under the circumstances of a particular case to

(Continued on page 32)

Loss and Damage Claims Against Common Carriers

Cleared Up by the Decker Case

By a Member of the New York and Connecticut Bars

W. Randolph Montgomery

of Counsel of the National Association of Credit Men

WIDESPREAD misunderstanding has resulted from the recent decision of the Interstate Commerce Commission in the case of Jacob E. Decker & Sons vs. Director-General, Minneapolis & St. Louis Railroad Company et al.

The Decker case was brought to obtain from the Interstate Commerce Commission a ruling on the reasonableness and propriety of certain provisions of the uniform bill of lading with respect to claims for loss and damage. Section 3 of the bill of lading and Section 7 of the uniform express receipt provide that claims for loss, damage, or delay must be made in writing within four months after delivery of the property, or, in case of failure to make delivery, within four months after a reasonable time for delivery has elapsed; and suits for loss, damage or delay shall be instituted only within two years and one day after delivery of the property, or, in case of failure to make delivery, then within two years and one day after a reasonable time for delivery has elapsed.

It has been a practice of the transportation companies, under instructions from the Railroad Administration, not to pay claims where the two-year period had expired and certain of the express companies, notably the Adams Express Company, which were merged in the American Railway Express Company in July, 1918, have consistently refused to entertain any claim for loss or damage which was not filed or sued exactly in accordance with the terms of the carriers' contract. The Adams Express Company is understood to have no intention of resuming business, and has adopted a policy of strict interpretation of its contract which, coupled with great delay in passing upon the validity of claims, has resulted in the barring of thousands of dollars' worth of claims against the company because of the two-year contractual period of limitation.

The decision in the Decker case was awaited with great interest by shippers throughout the country who

have suffered through their inability to make a collection on claims otherwise valid, but not sued within two years and one day from the date of shipment.

The United States Railroad Administration issued a ruling to regional directors on July 22, 1919, reading, in part, as follows:

"Should the decision of the Commission be favorable to the payment of such claims, it will be the policy of the Administration during a limited period thereafter, to pay all meritorious claims of this kind, provided the consent of the railroad corporation may be secured."

It was contended by the carriers in the Decker case that the Cummins Amendment to the Interstate Commerce Act, prohibiting discrimination between shippers, makes it unlawful for the carrier to waive the period of limitation for action or the period for filing claims. In support of this view they relied upon the decisions of the Supreme Court in Phillips vs. Grand Trunk Ry., 236 U. S., 262, and in Georgia, Florida & Alabama Ry. vs. Blish Company, 241 U. S., 190, asserting that the ruling of the Supreme Court in the Phillips case was that under a statute which indicated its purpose to prevent suits on delayed claims, the failure to assert the right to recover within the prescribed period not only barred the remedy, but destroyed the liability.

In the Blish case the court dealt with the four-months' clause of the bill of lading, and said among other things:

"But the parties could not waive the terms of the contract under which the shipment was made pursuant to the Federal act; nor could the carrier by its conduct give the shipper the right to ignore these terms which were applicable to that conduct and hold the carrier to a different responsibility from that fixed by the agreement made under the published tariffs and regulations. A different view would antagonize the plain policy of the act and open the door to the very abuses at which the act was

aimed. (Chi. & Alt. R. R. vs. Kirby, 225 U. S., 153, 166; Kansas Southern Ry. vs. Carl, *supra*; A. T. & S. F. Ry. vs. Robinson, 233 U. S., 173, 181; Southern Ry. vs. Prescott, *supra*.) We are not concerned in the present case with any question save as to the applicability of the provision, and its validity, and as we find it to be both applicable and valid, effect must be given to it."

The Interstate Commerce Commission holds that while these cases are undoubtedly authority for the proposition that limitations in the bill of lading must be strictly adhered to and may not lawfully be waived, the provisions of the Cummins Amendment "did not evidence any intent on the part of Congress to erect a statute of limitations barring the payment of seasonably filed claims after any given period. These provisions merely prescribed a minimum period to be provided by the carriers for filing claims and a minimum period for instituting suit."

One of the purposes of these provisions is to facilitate prompt investigation of claims, and that the carriers may not be required to defend suits brought after the expiration of the two year and one day period. The bill of lading does not provide, however, *that the filing of suit shall be a further condition precedent to the consideration upon its merits for the payment of a valid claim seasonably filed with the carrier*. Obviously where the carriers pay such claims, they must avoid unjust discrimination in doing so, but the mere act of adjusting a claim after two years and one day, where the carrier did not conclude its investigation within that period, cannot fairly be regarded under the bill of lading provisions above quoted as a waiver of defenses open to it.

The purpose of the limitation with respect to filing suit is not that the carrier may escape liability, but that if called upon to defend a suit, the suit must be instituted within the period specified."

Passing from this point to a consideration of the reasonableness and

propriety of the bill of lading provisions, the Commission holds that the provisions in question were and are unreasonable, unjustly discriminatory and unduly prejudicial and for the future prescribes in lieu thereof a rule that would be substantially as follows:

"Suits for loss, damage or delay shall be instituted only within two years and one day after delivery of the property, or in case of failure to make delivery, then within two years and one day after a reasonable time for delivery has elapsed; Provided, however, that where claims for loss, damage, or delay have been duly filed with the carrier, and such claims have not been definitely declined in writing by the carrier before the beginning of the last six months of the two-year-and-one-day period, then suit thereon may be filed within six months from the date the claims are definitely declined in writing by the carrier, but not after. Where claims for loss, damage or delay are not filed, or suits are not instituted thereon, in accordance with the foregoing provisions, the carrier will not be liable, and such claims will not be paid."

The Commission emphasized the point that it has never issued a ruling prohibiting carriers from paying claims on which suit has not been brought within two years, and directed the carriers to modify their bills of lading provisions in accordance with the conclusions expressed in this decision.

The net result of the decision in the Decker case is that the provisions of the bill of lading characterized as unreasonable and unjustly discriminatory, which have been the occasion of the many complaints against the Adams Express Company and other carriers, will be modified hereafter in such a way as to give adequate time for suit after the declination of a claim. As to contracts made in the past, unless the carrier voluntarily undertakes to settle claims which have not been sued within the two year and one day period, the Decker case affords no relief. It is understood, however, that certain of the carriers, among others the American Railway Express Company, have issued instructions that outlawed claims be paid, when it is clear that the express company was responsible for delay in settlement.

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Where it is impossible under the circumstances of a particular case to (Continued on page 32)

"June 1 to 5, Atlantic City"

Is This Reminder of the 1920 Convention of the Association on Your Calendar?

IT is to be an event of great importance in the credit world, this Twenty-fifth Annual Convention of the National Association of Credit Men, to be held at Atlantic City, June 1 to 5, 1920.

This is a year that should call credit men together. The problems of times of disquietude such as the present are best solved when men take time for serious consultation, which will naturally be followed by intelligent and direct co-operation. It is a time when more than ever East should know West, and South should know North; and all should know what their fellows are thinking and doing in all parts of the country.

The program of the Convention makes but the framework upon which the Convention is built. The greatest good obtained is the renewing and extending of the friendships that will give each one who takes full advantage a reach across thousands of miles which he will not otherwise have.

A committee composed of members drawn from local associations nearest the convention center is in charge of the entertainment program of the 25th Annual Convention. They will see that all the members are given every facility to make the week at Atlantic City as enjoyable as possible.

To make reservations at the Marlborough-Blenheim Hotel in Atlantic City, which is Convention Headquarters, it is necessary to write to the National Office, 41 Park Row, New York City. Reservations for other hotels may be made direct to the hotels.

ENTERTAINMENT PROGRAM

June 1-5, every day

Swimming, Golf, Boating, Fishing.

June 1, Tuesday

Evening: President's Reception on the Steel Pier.

June 2, Wednesday

Afternoon: Ladies' Reception and Card Tournament at one of the hotels.

Evening: Vaudeville on the Steel Pier. Dancing.

June 3, Thursday

Afternoon: Ladies' board-walk rolling-chair party to the Ambassador Hotel, where refreshments will be served.

Evening:

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1. Dinner given by the National Association Directors to the President.
2. Dinner of local association Presidents and Secretaries.
3. Dinner of Robert Morris Associates.

Announcements.

Address of Welcome for the State of New Jersey: Hon. Edward I. Edwards, Governor of New Jersey.

Address of Salutation: Hon. Edward James Cattell, Philadelphia, Pa.

Response to Address of Welcome.

Report of the President, Curtis R. Burnett, Newark, N. J.

Report of the Secretary and Treasurer, J. H. Tregoe, New York.

"Founders' Day" Address and Historical Review of the progress of the National Association of Credit Men, William A. Prendergast, New York.

Response for the Living Founders of the National Association, George R. Barclay, St. Louis, Mo.

In Memoriam: Charles Biggs, New York, Charles E. Meek, New York.

June 4, Friday

Evening: Fancy Dress Masked Ball. Fancy dress costumes will be required, but need not be elaborate. A few domino costumes will be available for rent. Some associations are planning to bring uniform costumes. One group may come as sailors, another as tor- adors, etc.

GENERAL CONVENTION COMMITTEE

D. S. Ludlum, Autocar Co., Ardmore, Pa., *Chairman*.
E. S. Boteler, G. K. Sheridan & Co., New York, N. Y., *Vice Chairman*.
Charles D. Joyce, A. Colburn Co., Philadelphia, Pa.
G. L. Levi, Samuel Sternberger & Co., Philadelphia, Pa.
F. H. Randal, Autocar Sales & Service Co., Philadelphia, Pa.
J. S. Thomas, Elliott-Lewis Electric Co., Philadelphia, Pa.
W. F. H. Koelsch, Bank of New Nether- lands, New York, N. Y.
W. E. Thatcher, Standard Textile Products Co., New York, N. Y.
C. M. Freeman, Rubberset Co., Newark, N. J.
J. S. Brock, American Metal Works, Philadelphia, Pa.
G. W. Retz, A. D. Juilliard & Co., New York, N. Y.
P. E. Hunter, L. Erstein & Bros., New York, N. Y.
Lon Hudson, Cosmopolitan Shipping Co., New York, N. Y.
J. F. Braun, J. J. Hockenjos Co., Newark, N. J.
Howard Matthai, National Enameling & Stamping Co., Baltimore, Md.
R. T. Baden, Holland-Baden-Ramsey Co., Baltimore, Md.
A. W. Pickford, Girard National Bank, Philadelphia, Pa.
O. G. Fessenden, Stamford, Conn.
H. Morris Teaf, Traymore Tailoring Co., Philadelphia, Pa.

LADIES' AUXILIARY COMMITTEE

Mrs. A. W. Pickford, Cynwyd, Pa., *Chair- man*.

Mrs. E. D. Flannery, New York.
Mrs. R. T. Baden, Baltimore, Md.
Mrs. C. R. Burnett, Newark, N. J., *Vice-Chairmen*.

BUSINESS PROGRAM

(Subject to revision)

TUESDAY, JUNE 1, 1920.

Afternoon Session.

FOUNDERS' DAY

Music and singing.
Convention called to order by the President and Invocation.

Consideration of Amendments to the Constitution and By-Laws of the National Association of Credit Men.

(Published in this issue of the MONTHLY).

Report: Committee on Credit Cooperation and Credit Department Methods; resolutions read by Chairman, W. A. Masters, St. Joseph, Mo.

Conference Subject: The Moral Risk; a study; its principal elements and proper treatment in credit granting. Speaker to be announced.

Report: Committee on Adjustment Bureaus; resolutions read by the Chairman, C. E. Mann, Minneapolis, Minn.

Report, Mercantile Agencies Service Committee; resolutions read by Chairman, J. S. Thomas, Philadelphia, Pa.

Report: Committee on the Amendment of Exemption Laws; resolutions read by Chairman, E. Pilsbury, New Orleans, La.

Announcement of the Resolutions and Nominations Committees.

WEDNESDAY, JUNE 2, 1920.

Morning Session.

Assembly with singing.
Convention called to order, with Invocation.

Announcements.

Address: Hon. William C. Sproul, Governor of Pennsylvania.

Conference Subject: The Credit Man, etc., J. V. Day, Smith, Patterson & Co., Boston, Mass.

Second Speaker to be announced.

Report, Bankruptcy Law Committee; resolutions read by Chairman, R. E. Belcher, St. Louis, Mo.

Report, Commercial Ethics Committee; resolutions read by its Chairman, A. Seidenspinner, Sheboygan, Wis.

Address: America's Responsibility as a Creditor Nation, H. H. Merrick, Chicago Chamber of Commerce.

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Afternoon Session.

Assembly with singing.

Announcements.

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STEEL PIER, ATLANTIC CITY

THURSDAY, JUNE 3, 1920

Morning Session

Assembly with singing.

Convention called to order, with Invocation.

Announcements.

Address: Hon. Walter E. Edge, United States Senator from New Jersey.

Conference subject: Credit; a study; its strong features and principles; how they may be conserved and how they may be disturbed. Alexander Wall, Lansdowne, Pa., representing the Robert Morris Club. A. D. Sallee, Pittsburgh, Pa.

Report, Foreign Credit Committee; resolutions read by its Chairman, L. R. Browne, New York. Introducing O. K. Davis, secretary, Foreign Trade Council.

Report, Commercial Arbitration Committee; resolutions read by Chairman, M. S. Green, Chicago.

Address: Hon. Ira C. Copley, Representative to Congress from Illinois.

THURSDAY, JUNE 3, 1920

Afternoon devoted to Group Conferences

Hardware, Electrical Supplies and Plumbers' Supplies: J. W. Sprague, Minneapolis, Minn., Chairman.

Men's and Boys' Clothing: James E. Black, St. Louis, Mo., Chairman.

Furniture and allied lines: M. E. Salisbury, Minneapolis, Minn., Chairman.

Groceries, Confectionery and allied lines: R. J. Prendergast, Grand Rapids, Mich., Chairman.

Boots, Shoes and allied lines: P. E. Parrott, St. Joseph, Mo., Chairman.

Jewelry and allied lines: Horace M. Peck, Providence, R. I., Chairman.

Iron and Steel, Electrical Supplies, Machinery and allied lines: J. M. McComb, Pittsburgh, Pa., Chairman.

Hats and allied lines: Chairman to be announced.

Implements, Vehicles and allied lines: C. H. Speck, Peoria, Ill., Chairman.

Drugs, Druggists' Sundries, Chemicals and allied lines: J. Edward Stilz, Indianapolis, Ind., Chairman.

Millinery and allied lines: Eugene Stern, St. Louis, Mo., Chairman.

Paper, Paper Products and allied lines: Frank G. Smith, Milwaukee, Wis., Chairman.

Paints, Oils and Varnishes: L. E. Pheilan, Detroit, Mich., Chairman.

Dry Goods, Notions and allied lines: R. T. Graham, Pittsburgh, Pa., Chairman.

Credit Interchange Bureau Managers, in charge of the Credit Interchange Bureau Executive Committee. Lawrence Whitty, Chairman.

Foreign Credit Managers, in charge of the Foreign Credit Committee. L. R. Browne, New York, Chairman.

Robert Morris Associates, at own headquarters. Joseph L. Morris, President; Alexander Wall, Secretary.

Thursday evening, conference on Federal Taxes, under the auspices of the National Committee, with its Chairman, R. G. Elliott, of Chicago, presiding.

FRIDAY, JUNE 4, 1920

Morning Session

Assembly with singing.

Convention called to order, with invocation.

Announcements.

Address: Speaker to be announced.

Conference subject: The Commercial Failure; a study; symptoms and chief

contributing causes; the possibilities of skillful credit management to interpret symptoms and to prevent failure. F. M. Couch, Los Angeles, Cal., M. E. Garrison, Wichita, Kan.

Introducing Col. Franklin Blackstone, Pittsburgh, Pa., president, Retail Credit Men's National Association.

Report, Investigation and Prosecution Committee; resolutions read by Chairman F. C. Demmler, Pittsburgh, Pa.

Introducing Julian A. Gregory, counsel of the New York Credit Men's Association.

Report, Legislative Committee; resolutions read by its Chairman, E. H. Ward, Omaha, Neb.

Address: Dr. Livingston Ferrand, President of the American Red Cross.

FRIDAY, JUNE 4, 1920.

Afternoon Session

Assembly with singing.

Report, Committee on Credit Interchange Bureaus; resolutions read by Chairman, G. W. C. Klippel, Cleveland, Ohio.

Introducing Lawrence Whitty, Chairman of the Credit Interchange Bureau Executive Committee and E. B. Moran, Director of the Central Interchange Bureau.

Report, Committee on Business Literature; resolutions read by Chairman, J. M. Paul, Minneapolis, Minn.

Conference subject: A study of present problems affecting credits, such as abnormally high prices, speculation, inflation, etc., and their proper treatment and control by credit managers. Ira Newman, Chicago, Ill. Second speaker to be announced.

Report, Banking and Currency Committee; resolutions read by Chairman, F. Blanchard, Chicago.

(Continued on page 29)

Cost Plus Fixed Fee Contracts

DURING the war the cost-plus-fixed-fee contract was the form commonly adopted in many lines of manufacture, the reason being the instability of the cost of labor and materials, which was so marked in fact that it was impossible for a manufacturer to be certain that his price would not show a loss unless he arbitrarily added a large percentage as a safety factor.

This cost-plus-fixed-fee contract method has now been developed in building construction; and with this method has come the general contractor, whose part it is to see construction work through from start to finish.

He is not, however, presumed to do all the work, but employs experts in special lines to help him—as piers, excavators, steel erectors, plumbers, metal workers, roofers, painters and finishers. Indeed, the sub-contracts may equal 90 per cent of the total contract.

Now, the sub-contractors work usually on the fixed sum contract basis which means that, while the general contractor does not take the risks, through rising costs, the sub-contractors must have prophetic vision in their respective lines, as to what will happen in that uncertain but probably prolonged period between the time of submitting figures and the completing of the work.

This is a matter of great importance to credit grantors, for these sub-contractors are large buyers of a great variety of materials; and the question arises, would it not be advantageous to put the sub-contractor as well as the general contractor on the same basis—that is, the cost-plus-fixed-fee contract? Is not that which is good for the goose good for the gander?

Commenting on this matter a large general contractor says that there are certain vital differences between the services of a general contractor and those of a sub-contractor; that the general contractor is a co-ordinator of the efforts of his own forces and the forces of the sub-contractors, and that that co-ordination is in the nature of a professional service; that the reason why the cost-plus contract can be applied more readily to one than to the other lies largely in the feasibility of accounting accurately to the owner for such work as is done fully at the site, and the difficulty of accounting satisfactorily for work involving fabrication

of materials at the sub-contractor's shop, the overhead of that shop and the final erection at the site. He states that for the 40 per cent to 60 per cent of work which the general contractor does on the average contract, he has installed at the shop office, a complete accounting system whereby costs are kept in such detail that the owner is able at all times to see clearly how his money is being spent, and to certify the correctness of calls upon him for funds, the whole matter being so handled that it is not difficult for the owner to see the legitimacy of all overhead charges.

On the other hand, the sub-contractor does part of his work in a distant shop in which operations may be going on at any time for many separate jobs. Now, the accounting of time, material and particularly overhead as between those several accounts would probably involve a system of accounting far more complicated than the average sub-contractors employ, and regardless of its completeness the owner would hardly accept these figures of overhead without having his own representative at the shop to safeguard his interests, clearly impossible procedure, but without it neither the architect nor the general contractor could well certify to the owner that the shop costs were legitimate.

Further, this general contractor adds that, when the general contractor endeavors to let cost-plus contracts for such work as steam heating, plumbing or electric wiring, he finds the sub-contractor desirous of adding such heavy overhead charges to the cost figure, before applying the per cent of profit, that the system seems impossible, because owners question such overhead charges as he readily can do, for they are a separate item of cost. And this probably accounts for the fact that the great majority of sub-contractors are strong for the lump sum contract. If the sub-contractor were to do his work under the cost-plus-fixed-fee contract, he would have to extend the scope of his office accounting materially in order to render detailed reports to each client concerning his share of daily costs in the shop, for without such reports, the architect could not certify the sub-contractor's costs, and the owner would not be willing to enter into an agreement to pay for labor unless he could see clearly that the labor were performed wholly in his interest.

The division of overhead as between the several clients being certified in the sub-contractor's shop presents a problem somewhat abstruse and difficult of solution. The general contractor adds, that preliminary estimates, made to the architect and the owner, involve the obtaining of sub-bids, and the inclusion in the estimate of sub-bids obtained from concerns of sufficient strength and ability to handle the work. To their bids is added the cost of the work the general contractor himself does; and when the owner accepts the preliminary estimate and makes a contract, it remains for the general contractor to close the sub-contracts; but the owner and architect are given opportunity to advise with the general contractor, and, in fact, to control the purchase of materials and make sub-contracts, so that the general contractor has not the opportunity to make a preliminary estimate and then save large sums through scouting for lower sub-bids. Another difficulty in the sub-contractor's shop figuring overhead is to determine what shall be charged during dull seasons when only 25 per cent of capacity is being utilized.

The attention of the National Association of Credit Men has been directed to certain advertisements of the Commercial and Financial Institute of America, wherein the Association's interest in promoting the use of trade acceptances is referred to. The statements in question make no implication that the Commercial and Financial Institute is in any way endorsed or recommended by the Association and should not be regarded as containing such endorsement. The Association lends its name to no private enterprises, however meritorious they may be, and deplores the use of its name in a manner which necessitates an express disclaimer.

Howard Marshall, for many years of Joseph Wild & Co., of New York, has made an important connection with the American Exchange National Bank of that city. Mr. Marshall has for many years been prominent in credit circles, was president of the New York association and until the last few years was a regular attendant at the National Conventions.

Business Service Not a New Idea

See 2 Kings II

Secretary T. E. Blanchard, of the El Paso Association, points out that the idea of business service does not belong exclusively to modern business but is of ancient date as well; that the Scripture describes in the Book of Kings II, fourth chapter, the Prophet Elisha as a practical, effective business service agent as follows:

"Now, there cried a certain woman of the wives of the sons of the prophets unto Elisha, saying, Thy servant, my husband, is dead; and thou knowest that thy servant did fear the Lord: and the CREDITOR is come to take unto him my two sons to be bondmen.

2. And Elisha said unto her, What shall I do for thee? Tell me, what hast thou in the house? And she said, Thine handmaid hath not any thing in the house, save a pot of oil.

3. Then he said, Go, borrow thee vessels abroad of all thy neighbors, even empty vessels; borrow not a few.

4. And when thou art come in, thou shalt shut the door upon thee and upon thy sons, and shalt pour out into all those vessels, and thou shalt set aside that which is full.

5. So she went from him, and shut the door upon her and upon her sons, who brought the vessels to her; and she poured out.

6. And it came to pass, when the vessels were full, that she said unto her son, Bring me yet a vessel. And he said unto her, There is not a vessel more. *And the oil stayed.*

7. Then she came and told the man of God. And he said, Go, sell the oil, and *pay thy debt*, and live thou and thy children of the rest."

Our Business Service Department, says Mr. Blanchard, cannot perform a miracle such as Elisha did. We cannot create assets where there are none, but we can help many unfortunate debtors and prevent 75 per cent of commercial failures by co-operating with each other and with the debtors themselves.

"TELL ME WHAT HAST THOU IN THE HOUSE?" In modern terms, what shape is your business in? Let us help you analyze your business and locate your troubles.

"AND THE OIL STAYED."

Thirty-Eight Credit Associations "Over the Top"

By B. C. McQuesten

Manager of Membership Department

THE following analysis is based on the April 1 Membership Report of the National Association of Credit Men and shows the standing of the local associations after ten months' work, June 1 to April 1. It shows that thirty-eight associations have gone "over the top," that is, have increased their membership beyond the goal set at the beginning of the year.

Class 1. Associations Over the Top: Albany, Baltimore, Billings, Bluefield-Graham, Boston, Bristol, Columbus, Dayton, Des Moines, Duluth, El Paso, Fargo, Lincoln, Lynchburg, Minneapolis, Portland, Providence, Reading, Richmond, Roanoke, Rochester, Salt Lake City, San Antonio, San Francisco, Toledo, Washington, Western Massachusetts, Wichita and Youngstown.

Class 2. Associations at Goal: Atlanta,* Nashville, New Castle, Oklahoma City, Spokane, Waco and Worcester.*

Class 3. Associations which have attained 75 per cent. of gain asked of them: Birmingham, Cleveland,* Detroit, Houston, Lansing, Lehigh Valley, Lexington, New York,* St. Joseph and St. Paul.

Class 4. Associations in the 50 per cent. column: Bridgeport, Huntington, Jacksonville, Macon, Northern Montana, Oshkosh, Philadelphia, Sioux City, South Bend and Syracuse.

Class 5. Associations in the 25 per cent. column: Augusta, Chicago, Dallas,* Evansville,* Grand Forks, Hastings, Los Angeles, Montgomery, Muncie, Seattle and Waterloo.

Class 6. Associations reporting some net gain: Buffalo, Cedar Rapids, Cincinnati, Davenport, Fond du Lac, Kansas City,* Knoxville,* New Orleans and Omaha.

Class 7. Associations reporting gain and loss equal: Denver, Rockford, Savannah,* Springfield, Ill. and Utica.

Class 8. Associations from which no report is at hand: Austin, Butte, Decatur, Fort Smith, Harrisburg, Hartford, and Utica.

Helena, Little Rock, Ottumwa, Paducah, Paris, Portsmouth, Pueblo, Selma, Tampa, Terre Haute and Tulsa.

Class 9. Associations reporting net loss: Boise, Burlington, Chattanooga, Charleston, Clarksburg, Ft. Wayne, Ft. Worth, Grand Rapids, Green Bay, Indianapolis, Kalamazoo, Louisville, Memphis, Milwaukee, Newark, New Haven, Norfolk, Parkersburg-Marietta, Pittsburgh, Peoria, Quincy, Saginaw-Bay City, San Diego, Sioux Falls, St. Louis, Tacoma, Toledo, Wheeling and Wilkes-Barre.

The April 1st report shows Dist. No. 1; Dist. No. 8, Div. No. 1; and Dist. No. 10, Div. No. 2, are "Over the Top." Dist. No. 2; Dist. No. 3, Div. No. 1; Dist. No. 4; Dist. No. 8, Div. No. 2 and Dist. No. 10, Div. No. 1 are in the 50 per cent column. Dist. No. 6, Div. No. 2; Dist. No. 7 and Dist. No. 9 have reached the 25 per cent line. Dist. No. 5 reports gain. Dist. No. 3, Div. No. 2 and Dist. No. 6, Div. No. 1 report loss.

Two new associations have been organized since June 1st: Charlotte, N. C., with a membership of 16 and Minot, N. Dak., with 32 members.

Drives are on, or being planned, in Philadelphia, Newark, Buffalo, St. Louis and other cities. Associations are indicating activity and desire to reach goal.

Report all new members at once. Do not wait until the last minute. Don't take a risk of being disappointed by not having the new members show in the Convention Report. Safety first.

* Since the date of the April 1st report (from which the above returns are compiled), inspiring news comes from nine associations: Atlanta, Cleveland, Dallas, Evansville, Kansas City, Knoxville, New York, Savannah and Worcester are reported "over the top."

Saving Fire Losses

A FEATURE of the conferences and meetings of credit grantors, held in Pacific coast cities in connection with Secretary Tregoe's recent visit was a series of discussions of the credit men's part in preventing fire losses. Representing the fire insurance interests, was A. A. Thornton of the London Assurance Corporation, vice president of the San Francisco Board of Fire Underwriters, who told of the efforts which had been made to cut down fire losses on the Pacific coast. One method, he declared, was to make the arson laws mean something; that prior to 1915 there had not been a single conviction for arson in the Pacific coast states, and since that time there had been several hundred convictions that, for instance, in Los

Angeles a ring of firebugs, who had for several years operated in that city on a basis of five per cent of the insurance received, had been broken up and the incendiary fires were cut down from one per day to only an occasional fire. Incidentally the fire rates for Los Angeles had been reduced one-third. Portland's losses, said Mr. Thornton, had been cut from \$1,800,000 to \$250,000 per year through the work done in the last three years. Mr. Thornton also described the work of the underwriters in running down the evidence against the I. W. W. in 1918 and cited numerous instances of the work done by the arson bureau and by the Underwriters' Association in sending incendiaries to the penitentiary.

Paragraphs Personal and Impersonal

THE National Fire Protection Association holds its twenty-fourth annual meeting at the Auditorium of the Insurance Exchange in Chicago, May 4-6, inclusive. The latest publication of the Association is on the subject of the protection of building walls, a matter of great importance in the prevention of communication of fire from one building to another. A copy of this leaflet may be had by writing the Protection Association at 38 Milk Street, Boston, Mass.

William Tonks of Cleveland, a director of the National Association, is rapidly recovering from a double fracture of the right arm from which he suffered as a result of a fall at the time of the convention of the Robert Morris Associates in Cleveland.

The Fire Insurance Committee of the Cleveland association has been working with city officials on a program for fire department improvements which, if carried through, will greatly decrease the fire hazard in the business section of the city. The plans call for an expenditure of about \$300,000.

The Cleveland association has made a survey among business houses to determine whether there has been a decrease in the number of bad checks written since the passage of the bad check law. The result is that apparently there has been a substantial decrease in such checks.

IT is difficult, indeed practically impossible, to get universal agreement on such a question as "Should a special inducement in the form of a small discount or a few days' additional time be given to a buyer for signing an acceptance."

There is a school of thinkers who assert that the trade acceptance carries such advantages to the seller as against the open account, that it is good business to give a substantial inducement for signing it. Another school asserts quite as emphatically that the trade acceptance offers, if we will, an escape from abuses which have been prevalent in credit granting, and that it is a mistake right in the initial stages of the acceptance

The Interchange Bureau of the New York Credit Men's Association has recently added two new service groups and is now serving:

Group 1—Paint, Oil and Varnish lines;

Group 2—Iron, Steel and Hardware;

Group 3—Food Products, Confectionery and allied lines;

Group 4—Building Trades, including Plumbing and Heating;

Group 5—Chemicals, Drugs and Dye Stuffs;

Group 6—Petroleum Oils and Grease;

Group 7—Crude Rubber, Fabrics and allied lines.

There are also forming two additional groups—one made up of Toy Manufacturers and Dealers in House Furnishings, and the other of Automobile Manufacturers.

the Texas Credit Men's Conference at its third annual meeting held recently at San Antonio.

The smaller business communities outside of the larger cities like New York and Chicago have already subscribed nearly \$1,500,000 of the fund of \$2,750,000 to be raised to erect a home for American Business in the City of Washington, a project which is under the direction of the Chamber of Commerce of the United States. The hope is that this shall be for the mercantile, industrial and financial interests of the country, a center from which to study national problems and where national business policies may be discussed and plans for co-operation with the government perfected.

Under the auspices of the National Automobile Chamber of Commerce and like organizations, the week of May 17th to 22d is to be observed as "National Ship by Truck Week," when demonstration is to be made of the economic advantages of better highway transportation, the further necessity for properly constructed roadbeds, and the advantages to all communities of adequate transversible highways. One of the features is the offering of a prize for a winning essay on "Ship by Truck—Good Roads," which is in the form of a four years' scholarship at any university in the country, offered by H. S. Firestone, of Akron, Ohio.

Vernor Hall was elected president and Henry A. Hirshberg, of San Antonio, secretary and treasurer of

"What gets the goods out as promised?" asks A. de Wolf of the credit department of S. Karpen. "Character," he declares, "character, for character does not permit making hit and miss promises. Character, too, makes for safe deliveries, for character in the packer and the driver lead them honestly to consider the ultimate customer, and to pack and deliver the goods as they would want them packed and delivered for them. Where there is character in an organization," he declares, "it reveals itself; because everybody feels better, looks better, talks better, works better; and those who deal with such an organization are the better for it. Make your trade mark, therefore, character," he concludes.

The Trade Acceptance

movement to be easy-going about offering inducements to signers, and so lose the chance the acceptance gives to destroy these abuses.

L. W. Peterson, of the Gulbransen-Dickinson Company, Chicago, Illinois, recently declared that the objective in getting trade acceptances is to avoid the abuses which had grown up in the open account method, such as the giving of extra time, or, rather, the taking of it without permission, the giving of special discounts and concessions. If trade acceptances are secured through concessions, which are first cousins of old abuses, Mr. Peterson fails to see how progress has been made. He believes that it should be clearly

stipulated in the terms of sale that the settlement is by trade acceptance, payable either in 30 or 60 days from date of invoice, whatever terms prevail, and that concerns which will not fall in with this plan should be weeded out; that if firms would turn down some business offered by those who will not abide by the regular acceptances a wholesome effect would be obtained. Fear, he says, has altogether too much control in the conduct of business—the fear of loss of an account, of injuring a customer's feelings. Whereas, a stand for fair dealing always gains the respect of customers. With their respect and confidence secured, their good-will will go with it.

The Credit Institute Answers a Business Man Who Wants to Read Profitably

National Institute of Credit.

What are the four best books on the following subjects:

Economics,
Commerce,
Banks and Money,
Credits and Collections.

I am a business man and want books that I can read profitably. I have found no little trouble in attempting to read such books as Tausig's "Principles of Economics." There is too much theory and history of economics in such books.

Can you suggest books that are a little less technical and will not puzzle the general reader? J. F.

Chicago, Ill.

It is not an easy matter to answer your question on the four best books

for business men on the subjects you are interested in. Any list we might furnish would be sure to meet with some criticism. However, the Director of the National Institute of Credit believes that the business man will find in the following books the subject matter presented in a readable, non-technical and yet scientific fashion:

ECONOMICS.—An introduction for the general reader, by Henry Clay. The Macmillan Company, 1920. 474 pp.

This book avoids the highly technical vocabulary of economics without avoiding the *essential* elements of economic theory.

THE HISTORY OF COMMERCE.—By Clive Day. Longmans, Green & Co., 1919.

Prof. Day's book is a lucid history of commerce from the beginning of time to 1912. One hundred and fifty pages are devoted to the growth and development of American commerce.

MONEY AND BANKING.—By John Thom Holdsworth. Appleton & Co., 1917. 526 pp.

Mr. Holdsworth's book is a concise readable presentation of money and banking, and includes a study of the Federal Reserve System.

CREDITS AND COLLECTIONS.—By Ettinger and Golieb. Prentice-Hall. Inc., 1917. 400 pp.

This book is the most widely used text book on credits and collections. It presents a wide selection of material on the theory and practice of credits and collections.

"June 1 to 5, Atlantic City"

(Continued from page 25)

Introducing W. D. Isham, Milwaukee, Wis.

Report, Committee on Business Meetings; resolutions read by Chairman, Harry F. Pavey, Indianapolis, Ind.

Report, Committee on Fire Insurance and Prevention; resolutions read by Chairman, S. L. Eddy, Portland, Ore.

SATURDAY, JUNE 5, 1920 Morning Session.

Assembly with singing.
Convention called to order, with Invocation.

Report, Committee on Credit Education and Management; resolutions read by Chairman, George J. Clautice, Baltimore, Md.

Introducing Dr. C. W. Gerstenberg, Advisor of Education Department.

Address: R. S. Hawes, President, American Bankers' Association.

Report, Committee on Business Service; resolutions with introductory remarks by Chairman, H. Uehlinger, Brooklyn, N. Y.

Report, Committee on Federal Taxes, resolutions read by Chairman, R. G. Elliott, Chicago, Ill.

Report, Membership Committee; resolutions read by Chairman, R. H. Myers, Chicago, Ill.

Presenting of the Membership Trophy for the year.

Report, Convention Resolutions Committee.

Election of President and Vice Presidents.

Election of Directors

Miscellaneous Business.

The Open Shop

Narrow, radical leadership of labor unions in some parts of the country has made particularly acute the question of the open shop policy, and to overcome this radicalism, merchants, manufacturers and bankers of these localities have been drawn together, forced to make a determined stand. For instance, in Tulsa, Oklahoma, which has been for some time in the grip of terrorism of political labor agitators, the building activities of this rapidly growing city have been hindered to such an extent that business progress has been rendered impossible.

A highly representative body of Tulsa business men met and drew a set of resolutions, declaring the laborer free from his bondage, created a chapter of the true friends of labor and invited laboring men to become members. The resolutions establish for Tulsa the open shop principle and, as they state, offer protection to every man, union or non-union who desires to work, and equality of treatment for non-union as well as for union men.

The Tulsa banks, which are unusually strong institutions for a city comparatively small in population, also put themselves behind the movement, and through their clearing house gave out a statement to the effect that American citizens have the right to employ union or non-union labor, as they see fit; that when union labor conflicts with this right and thereby hampers progress

it has lost reason for support, and that subsequently the contractors asking for financial assistance must give evidence of conducting their operations on the open shop principle.

Lumber camps in other parts of the country have also been prevented from carrying on their operations by reason of the obstacles set up by unreasonable unions, with the result that fifty-six logging camps in the Pacific Northwest have established the open shop principle. Labor agitators are denied admission to the camps, though no discrimination will be made as to union or non-union labor.

The movement for the open shop has also been started in various industrial centers of the state of Wisconsin, particularly Wausau, where concrete action has been taken by the manufacturers in favor of the open shop policy. The principle is brought out in all these movements that no one objects to unions, that all must realize that good has been wrought by unions, but that we have here a situation such as we always have when an institution becomes intoxicated with its own sense of power. It becomes tyrannical and oppressive, and society revolts and demands the overthrow of those who abuse their power.

Such is clearly the case in the labor situation today in many parts of the country, and the demand for the open shop becomes inevitable.

Live Credit Men's Meetings

BOISE

At the meeting of the Boise Association of Credit Men held in April, Henry Z. Johnson of the Boise bar made a telling address on our Republican constitution, and urged that the oath of office taken by the President of the United States to preserve, protect and defend the Constitution is no more than the solemn obligation imposed on every patriotic citizen, no matter what his trade or calling.

He said that men now know that governments come and go, and that our Republic, the greatest in the history of the world, is to endure only as long as the ideas of the men who founded it continue dominant.

"Serious-minded men," he said, "now recognize that the Constitution is on trial today as never before, that it has survived through foreign aggression, a war of secession, a disputed succession, but its stability is not assured and our national life is still threatened."

"Today," he said, "the air is polluted with much vilification of the Constitution and defamation of its framers, and it is for every man who loves this country and its history to put on the battle harness, beat back the defamers of the country, check and nullify their intentions, and expose their humbuggery."

BUFFALO

The March meeting of the Buffalo association was one of unusual entertainment and instruction. The Rev. Hayatt Smith spoke eloquently and delightfully on the subject of "Follies, Fads and Fancies," and the head of the Identification Bureau of the Buffalo Police Department, Joseph Whitwell, described fully the work of his bureau. The chief of police also described the trials and tribulations that make up the day's work for the police department.

Secretary Tregoe, of the National Association of Credit Men, at a meeting of the Buffalo association, held April 15th, spoke of the present year as the most important in the history of the Association.

Referring to present economic disturbances, he declared that labor organizations must either have new ideals or new leaders; that when force is used to redress grievances a Frankenstein is built up that will be turned eventually upon the very ones who created it. The peace and progress of the nation, he said, demanded that the strike must go; he made a plea for thrift and conservatism for all classes of people.

Another speaker was William Moore, of the Baltimore bar, whose subject was "The lawyer and the credit man."

CHICAGO

The March meeting of the Chicago Association was a red letter event in the annals of that organization. It was held following the annual Illinois State Conference which had been held during the day. Although not on the program, Secretary Tregoe, of the National Association, who was leaving that night for Dayton, made a stirring address, appealing to credit men to do the hard things they are called upon to do in the present crisis of our history.

President Burnett, of the National Association, delivered an eloquent address on the subject of problems and prospects for 1920. He declared that it was more

important today than ever before that business men stand together for protection against the common enemy who would through ignorance or vicious purpose destroy business to the hurt of themselves and society as a whole. He called for greater devotion by our educated men and women to that fraction of our people who have come from other shores and who have no sense of appreciation of America's spirit and institutions. "These people," he said, "must be made to feel that they are wanted here and that our desire is that they shall become an integral part of the fabric of the nation." Mr. Burnett pointed out many factors which indicate the strength of the nation and give hope that we are to have in the immediate future a substantial and profitable commerce.

Another speaker was Sir John Foster Fraser, a newspaper correspondent, whose travels all over the world gave him an unusual opportunity for first hand study into international affairs. He pictured some of the telling events of the Peace Conference and told of the debt the world owes to France, and expressed the hope that that country, America and Great Britain, who had been thrown so closely together as fighting comrades, would continue in the bonds of real friendship forever. Speaking of Russia, he praised the fine qualities of its people, and declared that present conditions there had come about as a result of centuries of oppression and persecution, particularly of the Jews. The Russians, he declared, are essentially of a highly spiritual and democratic nature, and while the Soviet government there will finally have to be recognized by the other governments, it will not last, because not founded on a truly democratic basis, but is in fact the most tyrannical system in the world.

CLEVELAND

The April meeting of the Cleveland association was addressed by President Burnett and Secretary Tregoe, of the National Association. The association has also recently been addressed by E. B. Moran, manager of the Central Interchange Bureau, and C. D. West, manager of the Investigation and Prosecution Department, at which time it went on record as endorsing the new national plan of operating the interchange bureaus.

COLUMBUS

"The Trend of Prices" was the subject of the March meeting of the Columbus association, with President J. T. Dunnick introducing the subject. He was followed by B. W. Marr, of the Gwinn Milling Company, who discussed the trend of prices in food products; B. J. Throop, of the Throop-Martin Company, building materials; Allen W. Williams, of the Central Stove Manufacturers' Association, steel and iron; and Frank L. Stein, of the Ohio National Bank, credit demands.

It was the general sentiment of the meeting that production is being seriously curtailed by reason of the unrest of the working classes and the uncertainty as to business conditions; and that as a result of this curtailment, which is being further aggravated by the excess profits tax, the trend of prices continues in an upward direction.

The meeting proved most interesting and instructive, and the discussion was entered into by nearly all who were present.

DETROIT

An unusually large number of members of the Detroit association were present at a special luncheon to hear C. D. West, manager of the Investigation and Prosecution Department of the National Association of Credit Men, outline a history of his department's activities and his personal experiences in the detection and prosecution of commercial crooks. His story was deeply impressive, and assured the cooperation of the members in making a success of the prosecution program of the Credit Men's Association.

INDIANAPOLIS

"Good Fellowship In Business" was the subject of the address of Rev. Allen B. Philpott before the Indianapolis association at the April meeting. Dr. Philpott pointed out the absolute necessity of good fellowship today, that business men are coming more and more to realize the value of closer relationship through periodic meetings for the exchanging of ideas and becoming better acquainted. He declared that the Credit Men's Association is not only a stabilizer of credits but a stabilizer of character and honesty.

MILWAUKEE

The attendance at the meetings of the Milwaukee association this winter has been particularly good owing to the work of the welfare committee made up of twenty-two members. This committee has a specific responsibility which is on the day before a regular meeting to telephone all members of the association, who have not indicated their intention as to attendance upon the meeting, urging that they come or send an assistant. This committee also acts as host at the meeting, taking care that new members are introduced and given a cordial welcome. At each table a member of the committee sits and his duty is to help keep conversation going. When a new member is secured, he is introduced to the others in a similar line and the members who are not in the habit of attending meetings are followed up in a personal way.

NASHVILLE

At the meeting of the Nashville Association held April 13, the principal address was made by C. J. Penrice of the Tennessee Chemical Co., formerly president of the Nashville Association. His address was a masterly treatment of credit conditions in the southern territory. He stated that conditions in general throughout the South are good and that that part of the country has not been seriously held back by menacing industrial troubles, such as other parts of the country have suffered from. He urged the necessity of extending the production of cotton and tobacco as the principal money crops, for which the demand in foreign parts will be more insistent than ever.

NEW YORK

Freas Brown Snyder, of Philadelphia, and Howard Marshall, formerly president of the New York Credit Men's Association, discussed vital factors in credit granting under present conditions at the meeting of the New York association held last month. Mr. Snyder treated his

(Continued on page 36)

Annual Meeting and Dinner
of the
Robert Morris Associates

The Robert Morris Associates is an organization in which membership is limited to the credit officials or credit department managers of banks which have at least one member in the National Association of Credit Men.

At the present time this organization has members in forty-five cities in the United States. All of these members are active bank credit men and executives so that when the organization holds a meeting it is possible for those in attendance to meet the leading men of the country in their special line of business.

The purpose of this organization is clearly defined in Article 2 of the by-laws which states as follows:

"Its purpose shall be to combine the influence of its members for more effective cooperation in carrying out the objects and plans of the National Association of Credit Men; to promote friendship and understanding among the bank credit men of the National Association; to bring about a closer relation between mercantile and financial credit men; and to improve methods of gathering, compiling, analyzing and disseminating credit data."

On Friday afternoon, June 3rd, the Robert Morris Associates will hold its annual meeting in the Hotel Traymore at Atlantic City. Since the organization of the Robert Morris Associates in 1915 the annual meeting has always been held in the convention city during the convention of the National Association of Credit Men.

On the evening of June 3rd, the Robert Morris Associates hold their annual banquet. The Robert Morris Associates always extend an invitation to any bank men attending the convention to join with them in this annual dinner which is held primarily to further the better acquaintance of bank credit men with each other.

Any bank men attending the convention of the National Association of Credit Men beginning June 1st of this year should be sure to register at the Robert Morris Associates' headquarters which will be located in the Hotel Traymore. In order that proper arrangements for the dinner may be made it is advisable for the bank men to signify their intention of attending the dinner as early as possible.

The Credit Interchange Bureaus

How They Will Operate to Give Nation-Wide Clearance

By E. B. Moran, Manager

Credit Interchange Bureaus Department

BUREAUS for the interchange of credit and ledger experiences have rightly been termed "the credit man's own instrument of service." They are rendering a service fundamentally important to credit departments in all branches of business.

Nothing must be permitted to interrupt the exchange of experiences between credit departments on a properly guarded and reciprocal basis. It has been shown in well-defined and carefully planned experiments that this interchange may be conducted through the medium of departments organized, supervised and controlled by credit men themselves. These bureaus have filled an important place, have conserved principles of safe interchange, have been economic, and therefore should receive the support and co-operation of credit departments embraced within the entire membership of the National Association of Credit Men. It is believed that the time is opportune to nationalize the Credit Interchange Department for nationalization of the Credit Interchange Bureau Department's service on the basis of the local bureaus will assure an adequate and uninterrupted national inter-market service and overcome the objection to bureaus now commonly heard that the interchange bureau service is intra-market and too limited.

The Credit Interchange Bureau serves as a quick, systematic method of checking orders or revising a credit file; gives increased stability and freedom from unnecessary losses; aids in eliminating the undesirable buyer, and helps the credit department to keep itself accurately informed on special accounts; tells when the customer is overbuying or when he is buying out of his legitimate territory. The bureau may disclose that a creditor may be mistaken in the belief that he is the principal creditor; it renders service reciprocal in its nature and based on actual experiences, and hence absolutely accurate information is assured.

CHARACTER OF INFORMATION

The information supplied through bureau service is entirely distinct in character from the general mercantile agency report. The interchange bureau reports contain the following items of comment:

Classified trade of reporting houses.

How long sold.

Terms of sale.

Highest recent credit.

Amount now owing.

Amount past due.

Number of days past due.

Method and manner of payment.

General information.

UNSAFE CREDIT RISKS

The success of the service of the credit interchange bureaus is limited only by the interest and co-operation of its membership.

To single out the unsafe credit risks and unscrupulous buyers, the interchange bureau urges its members to report promptly upon unsatisfactory dealings and especially to give adverse information to their local office. The information is recorded through the Central bureau, which directly or indirectly clears the comments of all bureaus operating under the supervision of the National Association. Such names are then either investigated through the trade or carefully watched, and if found to be consistently engaging in unethical or fraudulent practices, in abusing credits or violating business principles, the interested membership is informed. Members, either carrying such accounts or receiving first orders, are thus forewarned against an initial or further extension of credit, and the plans of the would-be commercial crook are at least partly, and perhaps completely, frustrated.

ELIGIBILITY

Any member in good standing of the National Association of Credit Men, whether as an individual member or affiliated with a local branch (except collection agencies, mercantile agencies, etc.), is eligible to the services of the Credit Interchange Bureau Department through the office or bureau serving the district in which the member is located.

METHOD OF OPERATION

In order to impose the minimum of work in the offices of members, the following methods of operation of the interchange bureau have been worked out with extreme care by the Credit Interchange Executive Committee.

This committee is as follows: Chairman, Lawrence Whitty, Schenbrun & Co., Chicago, Ill.; William

Tonks, First National Bank, Cleveland, O.; P. B. Bethel, Falls City Clothing Co., Louisville, Ky.; J. P. Galbraith, Mgr. Northwestern Jobbers Credit Bureau, St. Paul, Minn.; T. J. Bartlette, Mgr. Credit Interchange Bureau, New Orleans, La.; and S. A. Commons, Buhl Malleable Co., Detroit, Mich.

1. Each subscribing member of an officially recognized bureau will furnish to the bureau a list of his accounts (name and address only—no experience or comment desired with initial listing). This plan eliminates the sending out of an inquiry or so-called "clearance" sheet which is not the scientific method of assembling information. The furnishing of this list of customers is a necessary condition of participation in the bureau under the new plan of nation-wide operation.

2. Each subscribing member will report all new customers or new orders received.

3. Each officially recognized and participating bureau will define its district of natural and direct interest, that is, the territory closely surrounding it where its interests substantially and directly lie with the central bureau.

4. A chart is then made showing clearly the district of direct interest of each participating bureau, and a copy of the chart furnished the manager of each participating bureau.

5. Direct inquiries will be made of the manager or the bureau in whose district of direct interest the subject of inquiry is located. This procedure will be easy to follow, as each manager can, with the assistance of the chart, act quickly, for the chart tells him what bureaus or markets are directly interested in the territory where the subject of inquiry is located.

6. The bureaus on receiving the inquiry can directly, through the assistance of the customer's list, tell whether or not any members in their district are interested in the subject of inquiry. If not interested, the inquiry is returned promptly, but if interested, copy of last report is sent, revision is made if necessary, or a new inquiry is made, as conditions may require.

7. Each bureau will furnish the central clearing bureau with the names of the customers reported by subscribing members who are not located within its district of direct and natural interest.

8. The central bureau will clear the subject of inquiry among all the bureaus not directly interested in his district and general market, thus by direct clearance in the district of direct interest and the central bureau clearance in other districts there will be an expeditious and reasonably complete clearance and a report furnished the inquiring member with the necessary despatch to assure the effective results.

This new plan of direct and central clearance is now being installed in the bureaus of more than thirty-five markets, and will be in operation on or about June 1, 1920.

METHOD OF USE

As an example, a local bureau, upon receiving an inquiry, first refers it to its customers' list file, thus determining just which houses in the local territory are interested, and then secures from them directly and accurately their information. An

inter-office inquiry will go to every office within the natural purchasing territory of the party under investigation, they likewise referring it to the customers' list file, determining and securing all creditors' comment. Finally the central bureau receives an inter-office ticket and this determines what distant or so-called "foreign" markets might be interested in the subject of inquiry. All information from various markets is returned directly to the inquiring bureau, the central system thereby becoming only an office for determining interested markets—not an office for tabulating reports.

The interchange bureau can be used only by a member when holding a bona fide first order or having a true account. The Credit Interchange Bureau acts only as a machine. A member interested in a party inquired upon contributes his experiences and comment, which might be classified as the raw material, and the bureaus, after receiving the various comments from the many markets, issue a completed report, which is the finished product.

The Credit Interchange Bureau obviates the necessity of asking the customer for references, because it furnishes reports from houses that have already had dealings with the customer. It discovers the trickster and forewarns others who might have fallen prey to his activities. The cost of several years' service in the bureau may be saved by one inquiry. The use of its service continually keeps the credit files alive and up-to-date with accurate information.

A list of the Credit Interchange Bureaus of the Association will be found elsewhere in this issue.

Loss and Damage Claims Against Common Carriers

(Continued from page 23)

give formal notice until after the expiration of the specified period, it has been held that notice given subsequent to the expiration of such period is sufficient provided the necessary facts could not be obtained sooner, and the carrier knew of the injury, but the shipper must comply with the requirements to the extent that he reasonably can. In some cases where a delayed notice was held sufficient the fact that the delay was due to the fault of the carrier has, however, influenced the decisions.

NEW RULES FOR LOSS AND DAMAGE CLAIMS

New rules for loss and damage claims against the American Rail-

way Express Company have just been issued to the following effect:

1. The date that written or verbal request is made by shipper, consignee or other interested party, to trace a shipment, shall be considered as the date of claim, but verbal requests will be considered only when and as of the date substantiated by the Company's record made in writing.

2. Except as noted below, no claim for total or partial loss, or concealed damage, shall be paid which is not presented within four months after delivery of shipment, or in the case of failure to deliver, then within four months after a reasonable time for delivery of shipment has elapsed. Exceptions:

(a) Where claim is made on account of loss of a C. O. D. shipment, the claimant shall be allowed forty days, in addition to the four months in which to file his claim. This based on the fact that we do not accept tracers for C. O. D. shipments unless shipper produces evidence that shipment has been delivered and paid for. When not presented within this extended period, decline.

(b) Where C. O. D. shipment has been delivered and money collected, or where shipment is received for as C. O. D. and delivered without collecting C. O. D., claim should be paid regardless of whether or not presented within four months from date of delivery.

3. On account of difficulty in determining where or how delay or damage occurred, we will take the broader view and interpret the four months' clause as not applying to claims for delay, or claims where the damage to the shipment is apparent.

4. When, at the expiration of two years and one day after delivery of shipment, or in the case of non-delivery, two years and one day after a reasonable time for delivery, claim has not been adjusted or declined in writing, and suit has not been commenced, claims shall be referred by Claim Agents to Superintendents of Claims, to be reviewed by them. Such claims will be paid only when in the judgment of Superintendents of Claims, the Express Company was responsible for delay in settlement.

Amendments to the Constitution and By-Laws of the Association

To be offered at the Atlantic City Convention

At the Detroit Convention of the National Association of Credit Men held in 1919, a committee was authorized to draft an amended constitution and by-laws. The committee has completed its work and presents the proposed constitution and by-laws for action at the Atlantic City Convention. The present constitution calls for the publication of amendments in the official organ of the Association in the month prior to the convention at which the amendments are to be offered.

ARTICLE I

NAME. This organization shall be known as "The National Association of Credit Men."

ARTICLE II

OBJECTS. The objects of this Association shall be to organize commercial credit grantors into a National Organization comprised of individual commercial credit grantors and Associations of Credit Men located in various cities, states, and other political subdivisions of the nation, as well as any individual or group, citizens of the United States wherever located and engaged in American commerce, for the purpose of rendering more uniform and establishing more firmly the bases upon which commercial credits are founded, to include the passage of laws, and the correction and modification of laws, Federal and State, needed for the equal and just protection of honest debtors and creditors and of benefit to the nation's expanding commerce; to improve methods for the interchange of credit information; to assemble and disseminate instructive and desirable data and information on credit and commercial subjects; to amend business customs and practices whereby commercial credit may be benefited and improved, and the welfare of the nation advanced; to encourage the organization of local Adjustment and Credit Interchange Bureaus; to maintain a department for the investigation and prosecution of commercial fraud; to promote co-operation between credit grantors, a better understanding of credit principles, and to perform such other lines and types of work as the members of the association may determine from time to time is required for the advancement and protection of commercial credits.

ARTICLE III

MEMBERSHIP. Sec. 1 (a) The membership of this Association shall consist of corporations, associations, firms and individuals of unquestioned reputation granting commercial credits, each of whom is to designate a representative in the Association who is to be, except when urgent circumstances otherwise require, the credit manager.

(b) The membership of the National Association of Credit Men shall be divided into two classes, known as Organized and Individual.

Sec. 2 (a) The organized membership shall embrace the membership of local Associations of Credit Men affiliated with the National Association of Credit Men.

(b) When an application has been received from the organizers of a local Association of Credit Men and the application is accepted by the Membership Committee, a notice to that effect will serve as a recognition of the association as a local Association of Credit Men affiliated with the National Association of Credit Men assuming the responsibilities and obligations resting upon it as an affiliated unit and enjoying the rights and privileges accorded to local Associations under the provisions of the Constitution and By-Laws of the National Association of Credit Men.

(c) A local association affiliated with the National Association of Credit Men must pay annually into the treasury of the National Association a certain per capita due herein-after provided, for each of its members. Failure to pay this sum annually, and within sixty days after its demand by the Treasurer of the National Association of Credit Men, and not less than four months after the same was due and payable into the treasury of the National Association, will subject the local association to a forfeiture of its affiliation and its right to operate as a unit of the National Association of Credit Men.

Sec. 3 (a) The Individual membership shall consist of corporations, associations, firms and individuals of unquestioned reputation granting commercial credits not located in Association cities, accepted as direct members of the National Association and entitled to certain rights and to assume

certain obligations attached to this relation. (b) *Nothing in the above shall be construed as preventing a member of a local association from becoming an individual member of the National Association of Credit Men.*

(c) Application for Individual membership must be made to the Secretary of the National Association of Credit Men in writing, and if approved by the Committee on Membership, the application shall be accepted.

(d) The Individual member assumes the obligation of paying into the National treasury an annual due that is herein-after fixed, and should payment of this annual due be in arrears for sixty days after a demand for payment by the Treasurer of the National Association, and not less than four months after the same was due and payable, such individual membership shall cease.

(e) Reinstatement of a local Association of Credit Men or an Individual member can be made by the National Committee on Membership upon the payment of the per capita or annual dues in arrears and an explanation of the delay acceptable to the Committee.

ARTICLE IV

The National Association of Credit Men within the powers granted by its constitution and by-laws and any further amendments made to them at annual meetings of the Association, shall perform its functions and its work with a due regard for the interests of the membership and with the support and cooperation of local Associations of Credit Men. It shall have the power to investigate complaints against local Associations of Credit Men in any of their departments and individual members wherein are involved the purposes of the Organization and the forms of service and character of co-operation which it is intended to assure. Sufficient notice shall be given to the local Association, its proper officers or any of its members complained of, or an individual member of the complaint, and an answer required in not less than fifteen days. The Officers and Directors of the National Association of Credit Men, or a Committee appointed especially from amongst their members and subject to their control, shall conduct the hearing on the complaint and decide whether or not it is sustained, and what action shall be taken. There shall be no appeal from the decision of the Board of Directors in these matters.

ARTICLE V

For the proper support of the Association there shall be annual dues from the organized membership and the individual membership, as follows:

Sec. 1. Each local Association shall pay into the National treasury a sum of \$5.00 annually for each of its members and on a day fixed as the beginning of its fiscal year and based upon the membership of the Association as it is recorded in the National Office on such due date. Of this sum \$1.50 for each member shall be reserved as a subscription price per annum for the monthly publication of the National Association of Credit Men, and \$1.00 for the support of the Investigation and Prosecution Department.

Sec. 2. Each individual member shall pay into the National treasury at a date fixed as the beginning of his fiscal membership year the sum of \$15.00, of which \$1.50 shall be reserved for the payment of the subscription price per annum of the monthly publication of the National Association of Credit Men, and \$1.00 for the support of the Investigation and Prosecution Department. Members of local Associations of Credit Men affiliating also as Individual members shall pay into the National treasury annually the sum of \$10.00, which shall be used exclusively for the general purposes of the National Association.

Sec. 3. *Membership dues in local associations shall not be placed on a lower annual per capita basis than the sum required for individual membership in the National Association of Credit Men, not taking into account the sum required where the member is jointly affiliated with a local Association and the National Association.*

Sec. 4. *In the event that at the close of any fiscal year there should be an unexpended balance of the fund provided for the monthly publication, or the fund provided for the Investigation and Prosecution Department, such unexpended balance shall be disposed of by action of the Board of Directors of the National Association of Credit Men.*

ARTICLE VI

No annual meeting of the Association shall be held, but in the place and stead thereof an annual convention, which convention shall have and exercise all the powers of the annual meeting. The time and place of holding such

annual convention shall be decided upon by the Board of Directors.

ARTICLE VII

REPRESENTATION. At each annual convention of the National Association of Credit Men, the local Associations of Credit Men shall be entitled to representation in this proportion: A delegate for every fifteen members, or fraction thereof, on a membership up to and including 300 in the local association; and when the membership of a local association exceeds 300, it shall be entitled to one delegate for every 30 members or fraction thereof in excess of 300, and not in excess of 1200. When the membership of a local association shall exceed 1200 it shall be entitled to one delegate for every 60 members or fraction thereof in excess of 1200. The representation at annual conventions to which each local association is entitled shall be determined by its membership of record in the National Office on May 31st of each year. On questions at annual conventions where a poll is taken, or in the election of Officers and Directors, each delegate of a local Association is entitled to cast one vote for each of the local members he represents, and a local Association may designate a delegate to act as an alternate for other delegates and cast one vote for each of the local members he represents, either directly or by alternation. The Individual member is entitled to attend the annual conventions of the National Association and to cast one vote on subjects and elections where polls are taken. Individual members may also vote by proxy provided, however, the proxy is given to a resident member of the same state, and furthermore, such proxy shall not be received and cannot be voted on by an officer, director or employee of the National Association of Credit Men.

ARTICLE VIII

OFFICERS AND DIRECTORS. The Officers of the National Association of Credit Men shall consist of a President, a first Vice-President, a second Vice-President, a Treasurer, a Secretary and a Board of Directors consisting of twenty-four members. The President, first Vice-President, second Vice-President, the Secretary and Treasurer shall be members of the Board by virtue of their offices. The President shall be Chairman of the Board of Directors. There shall be no increase in the Board of Directors until the membership of the Association has reached 40,000, and then it shall be enlarged by the addition of one new Director for each 5000 increase, or fraction thereof. The Officers shall serve for one year or until their successors are elected and qualified. They shall serve without compensation except the Secretary and Treasurer, whose salaries shall be fixed by the Board of Directors. The Directors shall serve for a period of two years except when vacancies are to be filled or it is deemed expedient by the Convention to equalize the number of Directors retiring annually.

ARTICLE IX

1. The President, Vice-Presidents and Directors shall be elected by ballot at each annual convention, and in the following manner: On the first day of the Convention a Committee on Nominations, consisting of twenty-five members, shall be appointed, or within the discretion of the Officers and Directors of the National Association of Credit Men this Committee may be organized in advance of the Convention and its personnel announced in the publication of the National Association of Credit Men of the month's issue immediately preceding the annual convention. The Chairman of this Committee shall be the last retiring President of the National Association, or if he is not available then the last retiring President who is available. There shall be four additional members selected from amongst the ex-Presidents of the National Association, in the order of their retirement as available; ten members, one each representing the ten districts into which the country has been divided for Association purposes, selected by the Council of each district; and ten members at large selected by the Officers and Directors of the National Association or by the National President, should he be so authorized by action of the Board of Directors.

2 (a) The Committee on Nominations shall present to the convention the names of one or more candidates for the offices of President, Vice-Presidents and Directors. In selecting the candidates for Directors' positions the Committee shall exercise care in a proper distribution of the directorships throughout the various official districts of the country, so that no district may have more than four nor less than one representative on the National Board.

2 (b) These nominations shall be announced and posted at convention headquarters on the third day of the convention, and thereafter no nominations for directors may be made, and the balloting take place at the closing session, or as the convention may provide.

2 (c) Nominations for President and the Vice-Presidents may be made from the floor of the convention during the period in which the election of these officers will be held.

2 (d) Nominations for the Board of Directors

tors may be made in writing to the Committee on Nominations, furnishing the name or names of the candidates proposed, and signed by a majority of the delegates of three local Associations of Credit Men, from the district in which the nominee resides, or may be nominated by petition, signed by twenty-five or more delegates from the district in which the nominee resides. When presented in this form these nominations must be included in the official ballot.

3. The Secretary and the Treasurer shall be elected by the Board of Directors at its first meeting following the Convention, and the offices of Secretary and Treasurer may be filled by one person.

ARTICLE X

DISTRICTS. For the purpose of organizing committees and for Councillors and representative purposes the membership shall be divided into ten districts. These districts may be changed by proper action of convention or by the Board of Directors, at stated meetings. For the present the districts shall be as follows:

1. Massachusetts, New Hampshire, Rhode Island, Vermont and Maine.
2. Connecticut, New Jersey and New York.
3. Pennsylvania, Delaware, Maryland, District of Columbia, Virginia and West Virginia.
4. Kentucky, Ohio and Tennessee.
5. Illinois, Indiana, Michigan and Wisconsin.
6. Arizona, Arkansas, Kansas, Missouri, New Mexico, Oklahoma and Texas.
7. Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Florida.
8. Iowa, Minnesota, Nebraska, North Dakota and South Dakota.
9. Colorado, Utah, Montana, Idaho and Wyoming.
10. California, Nevada, Oregon and Washington.

ARTICLE XI

COUNCILLORS. Each local Association shall select a Councillor and where there are fifteen or more individual members of the National Association of Credit Men in a state, they shall be entitled to a Councillor, whose appointment is to be made by the National Secretary at the direction of the Board of Directors. The Councillors in each of the ten districts shall form the District Council with a Chairman selected by the Councillors themselves upon referendum ballot, or should they fail to do so, by the National Secretary. The Councillors of states or districts may meet in conference to consider the affairs of the various states or districts. They may be called upon for special work other than that which relates to the official activities of local Associations of Credit Men, and all of the Councillors shall convene on the evening preceding each annual Convention, presided over by a chairman of their own selection, to consider matters relating to the functioning of the National Association of Credit Men or to offer suggestions which shall be received and considered by the convention or the Officers and Directors of the National Association.

ARTICLE XII

COMMITTEES. 1. (Sec. a) In each of the states previous to the convening of its legislature there shall be organized a Legislative Committee composed of a representative selected by each local Association in the state and of the individual members, provided there are fifteen or more in the state, and whose representative is to be selected by the National Secretary. The members of the Committee may for Association purposes be designated also as Councillors, but their functions will be confined to legislative activities and not to those duties conferred upon the Councillors as authorized in the foregoing Article. (Sec. b) There shall be certain standing Committees composed of a chairman selected by the officers and directors of the National Association, and vice-chairmen in each of the ten districts also selected by the officers and directors of the National Association, or by one of the local Associations of the district, as the officers and directors of the National Association may decide. Each vice-chairman may appoint not less than three nor more than five members of his district to serve on a local unit of the Committee, of which by virtue of his position he shall be Chairman. The standing committees shall be as follows:

- Adjustment Bureaus
- Banking and Currency
- Bankruptcy Law
- Business Literature
- Business Meetings
- Commercial Arbitration
- Commercial Ethics
- Credit Interchange Bureaus
- Credit Cooperation and Credit Department Methods
- Business Service
- Fire Insurance and Prevention
- Foreign Credits
- Investigation and Prosecution

Legislative Mercantile Agencies' Service Membership

Amendment of Exemption Laws Credit Education and Management

2. Special Committees may be appointed at the direction of the officers and directors of the National Association. When it is considered desirable to have such committees become permanent, action must be taken at an annual convention and in the form of an amendment to the Constitution and By-laws of the Association. All Committees are to be organized immediately after each annual convention, and so far as the powers of the Association permit, departments under individual directorship shall be installed in the National Office for the effective and proper use of the committees, and to direct and cooperate with their activities.

ARTICLE XIII

ORDER OF BUSINESS AT CONVENTIONS. The Officers and Directors of the National Association of Credit Men shall possess the powers to direct the preparation of the program of each annual convention, to determine the time and manner in which the reports of officers and committees and various matters appertaining to the convention are to be presented. They shall determine whether the reports are to be read at the convention or submitted in printed form.

ARTICLE XIV

QUORUM. A constitutional quorum in annual conventions of the National Association of Credit Men shall consist of one hundred members or delegates present and qualified to vote. A quorum for the Board of Directors shall be a majority of its members.

ARTICLE XV

MANAGEMENT. The management and directing powers of the National Association of Credit Men shall be vested in its Board of Directors, and in the interim between stated meetings of the Board an administrative committee of not less than five of its members, selected by the Board at its first meeting following each annual Convention. This committee shall meet at least four times each year or just as frequently as is necessary, at the call of the National Secretary-Treasurer. All appropriations from the funds of the Association shall be made by the Board of Directors or the Administrative Committee, and a budget of estimated income and disbursements shall be prepared by the Treasurer and submitted at the annual meeting of the Officers and Directors. Other than the general powers of management and direction conferred by this Article on the National Board, specific powers are provided for in other paragraphs of the Constitution and By-laws.

ARTICLE XVI

HONORARY ADVISORY BOARD. Automatically upon his retirement from the President's office, the incumbent of said office shall become a member, for three years, of the Honorary Advisory Board, which Board shall consist of the last three retiring Presidents. The members of this Board shall be invited to attend the stated meetings of the Officers and Directors of the National Association to initiate ideas and suggestions for the management and direction of the Association, but shall not have the power to offer motions and resolutions, nor vote upon questions at meetings of the National Board.

ARTICLE XVII

CREDIT INTERCHANGE AND ADJUSTMENT BUREAUS. Each local Association has the power to organize, manage and control a Credit Interchange Bureau and an Adjustment Bureau, but the supervision of these departments and the rules and regulations for their operation and their cooperation is reposed in the officers and directors of the National Association and may be the subject of consideration and action at the annual convention. Official recognition to Credit Interchange Bureaus and Adjustment Bureaus may be withheld by the National Board when the rules and regulations prepared and advocated for the supervision and coordination of the Bureaus are not conformed with. Complaints filed in proper form and properly sustained against Credit Interchange Bureaus or Adjustment Bureaus whether or not they are officially recognized, may and are to be investigated by the National Board, or representatives of the Board, or the National Secretary, at its discretion, and the judgment of the National Board subject to the review of an annual Convention will be binding on all parties.

ARTICLE XVIII

CENTRAL OFFICE. The central office of the National Association of Credit Men shall be located in New York City until removed by action of the Board of Directors at an annual meeting.

ARTICLE XIX

AMENDMENTS. 1. The Constitution and By-laws of the National Association of Credit Men may be altered, amended or added to

only at regular conventions of the Association, and by a two-thirds vote of the members or delegates present and qualified to vote, provided that written notice of such proposed alterations, additions and amendments shall have been filed in writing with the Secretary of the National Association of Credit Men, not less than sixty days prior to the date upon which the next succeeding regular convention of the Association is to be held.

2. A proposal to alter, amend or add to the Constitution or By-laws may be made in writing by any local Association, or by any ten members, either individual or affiliated with local organizations.

3. Proposals for altering, amending or adding to the Constitution and By-laws of the National Association shall be made in writing to the National Secretary, and shall be published in the publication of the National Association of the month's issue immediately preceding the annual convention.

ARTICLE XX

LOCAL ASSOCIATIONS OF CREDIT MEN. Local Associations may be organized in cities where fifteen or more commercial credit grantors may combine for the purpose of such organization, and upon approval given by the National Committee on Membership. Such Associations shall enjoy all powers of local control and management of their internal affairs, including Credit Interchange Bureaus and Adjustment Bureaus, so far as they have not been relinquished by this constitution to the National Association.

They are expected to cooperate with the National Association and with one another, to receive and consider requests for uniform action on matters of Association interest and importance. Through their Councillors they may consider together subjects and matters of State or District interest and importance, but they may not join together for the organization of State or District Associations except upon consent given by the officers and directors of the National Association.

BY-LAWS

ARTICLE I

Sec. 1. The President shall preside at all Conventions of the Association and meetings of the Board of Directors. He shall exercise a general supervision over the interests, affairs and welfare of the Association, maintain a close touch with the activities and work of the National Office; advise with the Secretary, and by virtue of his office, shall be a member of all standing and special committees. He shall at his discretion call special meetings of the Board of Directors, or when requested to do so, in writing, by at least ten members of the Board. He shall also call special conventions of the Association upon the written request of at least one-third of the local Associations.

Sec. 2. The Vice-Presidents in the order of their seniority, and in the absence of the President, shall perform all the duties and enjoy the same authority as have been imposed upon or granted to the President.

Sec. 3. In the absence of the President and Vice-Presidents, a member of the Board of Directors shall be elected by ballot to be President pro tempore.

ARTICLE II

The Secretary shall perform such duties as may be assigned to him from time to time by the Board of Directors. He shall be responsible for the conduct of the National Office, empowered to hire assistants, to rent requisite office space, and to do all things necessary for the proper and efficient conduct of the Association's activities, subject to the supervision of the President, the Board of Directors or its Administrative Committee to whom reports shall be made at brief intervals concerning the receipts and disbursements, the correspondence, the work of Committees and all other functions and matters resting upon the National Office and the direct administration of the Secretary. He shall offer a report at each annual Convention of the Association, and endeavor to build up forms of service and to so conduct his administrative work that the possibilities of the Association may be realized and the local associations brought into close cooperation with one another and with the National Association.

ARTICLE III

The Treasurer of the Association shall receive all funds paid by local associations for their per capita dues, by individual members, and for the blanks and other forms of service supplied by the Association. He shall deposit such funds in a depository or depositories designated by the Board of Directors or its Administrative Committee, and shall make such disbursements as are in accord with the annual Budget adopted by the National Board, or for such purposes as are authorized by the National Board or its Administrative Committee. The Treasurer shall keep books of account, showing plainly the receipts and disbursements, which books shall be open

at all times to the inspection of the President, the Board of Directors or its Administrative Committee. He shall make a report of the receipts and disbursements at each annual Convention of the National Association or officer if required to do so by the Board of Directors within the discretion of the Board or its Administrative Committee. The Treasurer shall be required to furnish a bond for the faithful discharge of his duties and in such sum and with such sureties as may be deemed proper. The Treasurer's accounts shall be audited annually by a Certified Public Accountant.

ARTICLE IV

Sec. 1. The Board of Directors shall manage and control the business of the Association, and in the interim between its meetings an Administrative Committee hereinbefore provided shall act in its behalf and assume its obligations and powers. The Board of Directors shall appoint all committees, standing and special, but may transfer this obligation to the President or the Administrative Committee. There shall be at least two meetings of the Board annually, one at the immediate conclusion of the annual Convention, and another during September of each year, unless upon referendum vote of the members of the Board some other month is selected. The Board shall make up an annual Budget for the guidance of the Treasurer, and shall make no appropriations beyond the estimated income of the year or the sums in the hands of the Treasurer, and not otherwise appropriated.

Sec. 2. From amongst the members of the Board, special committees shall be organized as may be deemed expedient to study, to govern or to direct certain important departments of the Association. A certain district shall be assigned to each member of the Board in order that he may take a definite interest in the Associations within his immediate neighborhood and be at the command of such Associations for advice and guidance in matters of organization welfare. The members of the Board shall be selected from amongst those who have manifested a deep interest in the Association, have occupied other important positions and demonstrated the skill and attention which the directorship requires. The President shall have power to fill vacancies on the Board of Directors with the approval of a majority of the Board. Such appointees shall hold office only until the Convention immediately following the appointment.

ARTICLE V

Sec. 1 (a) The standing committees of the Association as provided for in the Constitution shall consider such matters as appertain to their departments, and suggest such lines of action as they may deem wise and that are in accord with the resolutions of former Committees adopted at annual Conventions of the Association, or are in agreement with the directions and suggestions of the National Board. In new matters embodying important procedures or ideas and for which no authority has already been given, the Chairmen of standing committees shall first report the desires or conclusions of the committees in such matters to the Board of Directors or the Administrative Committee for approval and advice. Each standing committee shall endeavor to bring about a uniformity of operation throughout the entire organization by working out lines of action and procedure that will interest similar committees of local associations.

(b) The membership of the standing committees shall be governed by circumstances and the discretion of the National Board.

Sec. 2. Special Committees may be authorized at annual Conventions of the Association by the Board of Directors or its Administrative Committee whose procedure shall be under the supervision of the President and Secretary.

ARTICLE VI

All books, documents and reports of officers and committees shall be carefully filed in the National Office under the care of the Secretary, and produced whenever called for by the Board of Directors or the Association in annual convention. All equipment, records, books of account and reports are the property of the National Association.

ARTICLE VII

These By-laws may be amended as provided for in Article XIX of the Constitution.

**"June 1 to 5
Atlantic City"**

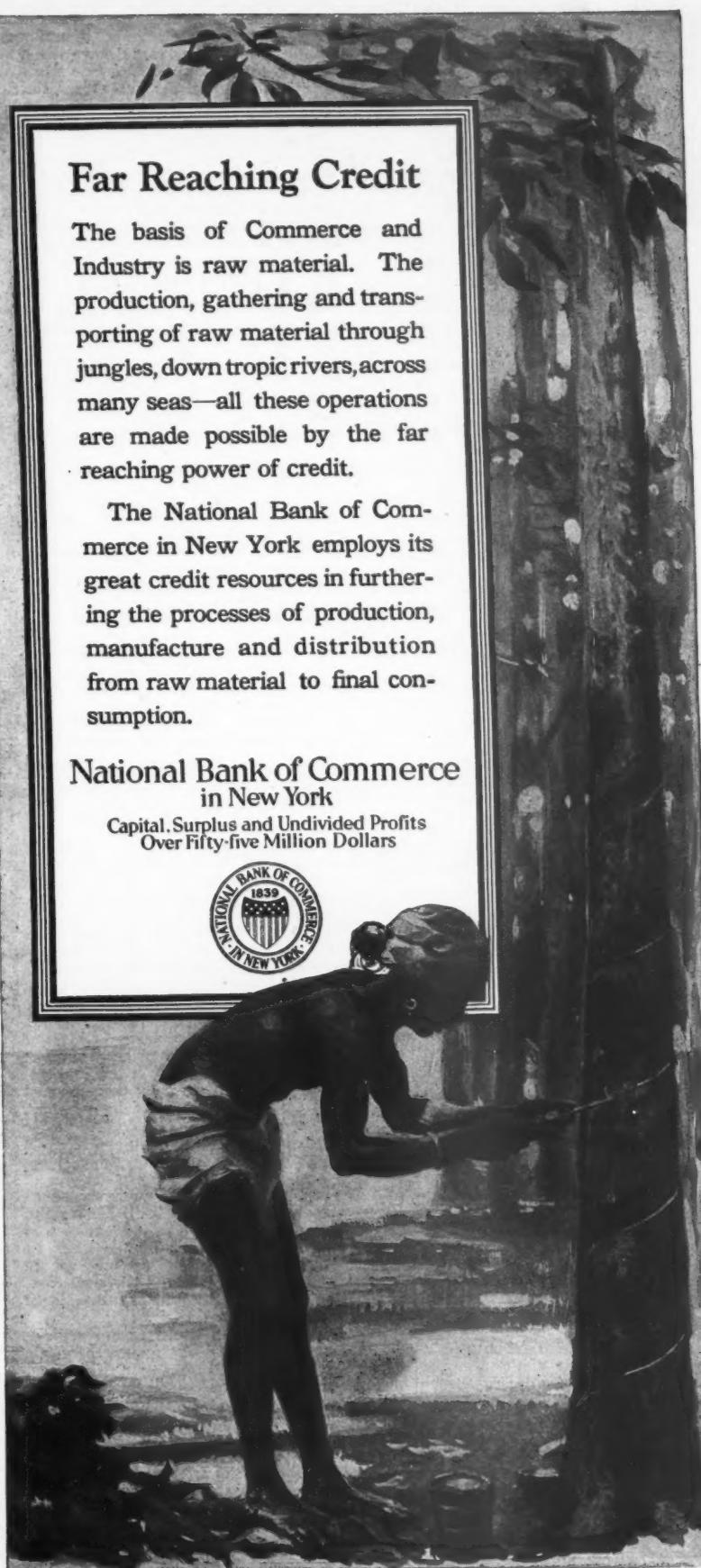
Far Reaching Credit

The basis of Commerce and Industry is raw material. The production, gathering and transporting of raw material through jungles, down tropic rivers, across many seas—all these operations are made possible by the far reaching power of credit.

The National Bank of Commerce in New York employs its great credit resources in furthering the processes of production, manufacture and distribution from raw material to final consumption.

National Bank of Commerce in New York

Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars



Live Credit Men's Meeting

(Continued from page 30)

subject from three angles, inventories, liquid assets and present and future obligations.

Mr. Marshall pointed out that all credits whether banking or commercial must be made today in the face of economic conditions unparalleled in the history of this or any other country. During the war the people of this country, he said, greatly increased their capital, for large sums were made; but with the armistice the people began to spend extravagantly, with the result that the money made and saved during the war was not used to reduce liabilities but to satisfy the desire for luxuries, and this free spending but forced the prices made high by the war still higher, aggravating the shortage of almost everything that everybody wants in the world. The condition led merchants, he continued, to buy far beyond their immediate requirements without any expectations that their orders would be filled. But this tendency created a fictitious demand, and should a slump come the question for the credit man to determine will be, how will these obligations be satisfied. In this situation, he said, it is important that credit men insist that liberal reserves be set up against a possible depreciation in merchandise; that profits made shall be used to reduce liabilities and that funds be set aside in appropriate installments during the current year to provide for federal and state taxes rather than to continue the practice so frequently indulged in to pass these obligations along into the following year.

Mr. Marshall said that it is a time when assets should be kept in as liquid form as possible, that he had no desire to raise the cry of alarm but to voice a solemn note of warning against the increasing habit of overtrading and overbuying in these days of uncertainty. Safety rests, he said, in building up while we may a surplus or reserve against the day of depression and falling markets which must come in its appointed time.

The credit men of New York have lost an able fellow-member by the death of Frank C. Vanderburgh, who for many years was accountant with Fairbanks, Morse & Company. Mr. Vanderburgh served his company first in Chicago, and for the last eight years has been in charge of its credit interests in New York. He will be greatly missed, especially by his fellows in the machinery line.

NORFOLK

The Norfolk Association in its last meeting discussed the question of forming a class for instruction in credits; also held a general discussion upon the results of the Virginia-Maryland conference, whose sessions were concluded in the previous month.

OSHKOSH

The Oshkosh Association of Credit Men held its April meeting at Neenah, where a considerable fraction of its membership resides. One of the principal addresses was given by H. D. Breon on methods of handling delinquent accounts through the Adjustment Bureau. The methods pursued by these bureaus, he said, are those dictated by good business sense; the fundamental idea being to assist the debtor to meet his obligations rather than to force him into bankruptcy.

Another speaker was Major H. I. Weed,

who spoke on universal military training. Major Weed declared that if there had been a reasonable amount of military training the country would have saved at least one-half the expenditure to which it was put to conduct the war. He declared, also, that military training builds up men physically and mentally.

There was general discussion of the insurance rating for Oshkosh, and it was suggested that the association get behind the recommendations of the National Board of Fire Underwriters for reducing the fire hazard of the city so that Oshkosh will get a better fire insurance rating.

PITTSBURGH

Arthur Stanley Riggs, author, war correspondent and traveler, declared that what is needed in our relations with Mexico is an aggressive foreign policy, when he spoke to the members of the Pittsburgh association at their April meeting. He contended if the hand supporting Carranza should be withdrawn that the present government in Mexico would go to pieces. It is not necessary, he said, to go to war with Mexico to obtain our rights. Having outlined a foreign policy, the American government should proceed to carry it out. He referred to the great danger to our national fuel supply, should Mexico prevent this country from obtaining oil, and said that seventeen railroads wholly dependent upon Mexico for oil would have to stop. A strong foreign policy and withdrawal of recognition from Carranza, would be sufficient to remedy the present deplorable state of affairs. With such action by the Government, the Mexicans could be relied upon to do the rest and Carranza's power would vanish under such circumstances like a burnt paper bag.

ROCHESTER

Ernest R. Clark, head of the English department of the Rochester High School, talked on business letters at last month's meeting, and formulated certain terse rules-of-thumb for correspondence.

He declared that the average letter writer, writes to please himself and not the addressee. Some of his maxims are, "Say what you have to say with courtesy and kindness."—"The modern business man must be a skilled mechanic in his letter writing. His vocabulary is his tool chest."—"Every live language progresses by slang—not by the lazy man's slang of vapid, indifferent words, but the particular piece of slang that expresses the particular thing as nothing else can do."

SYRACUSE

The March meeting of the Syracuse association was addressed by J. M. Wright, Ph.D., of the department of economics of the University of Syracuse. His subject was "Taxation." The meeting was in charge of the banking and currency committee, W. A. Boyd, of the Syracuse Trust & Deposit Company, chairman.

The members of the Syracuse association heard C. D. West, manager of the Investigation and Prosecution department of the National Association of Credit Men, at its April meeting. Mr. West pointed out that the laws against commercial frauds are quite adequate, but that they presume that the credit man will so conduct his affairs as to produce the necessary evidence upon which to base a prosecution. Credit men must learn to keep on file the statements they receive

from their customers, together with the envelope in which the statement was transmitted. Mr. West stated that his department is not a collection agency, and is not to be appealed to except as a member is convinced that a flagrant case of fraud exists and is willing to prosecute to the limit and without compromise. He must be willing, not only to lose the account, but to go to all the trouble and pains necessary to put the crook into the penitentiary, where he belongs.

Income Taxation

(Continued from page 10)

THE UNDISTRIBUTED EARNINGS TAX

The second recommendation, that of a tax on undistributed corporation earnings, is made in the belief that under it substantial justice will be accorded both to the Government from a standpoint of revenue and to the taxpayer taking into consideration present corporation methods of finance.

From an administrative standpoint with respect to the labor involved, it will mean a tremendous saving for the government, for it will do away entirely with the troublesome task of determining invested capital and many of the other features that require large staffs of auditors paid out of tax receipts. A similar saving will accrue to the taxpayer.

It is reasonably fair to all stockholders, will not curb production and should be a material factor in reducing the cost of living.

It will mean taxing each man engaged in business on a basis of substantial equality with every other man who prospers in the same measure and will remove discrimination against any particular form of business organization.

Under this plan no income will escape taxation, neither will any income be subjected to double taxation but substantially all will be taxed to the owner in proportion to his total income from all sources.

CORPORATION INCOME TAX

The third recommendation, that to eliminate the corporation income tax, is made for the reason that it is inequitable as between different stockholders in the same corporation.

A corporation is just a group of people and the earnings of the corporation belong to them in proportion to their ownership of the assets.

To equalize this loss of revenue we recommend that corporate dividends be made subject to the normal tax. If that does not produce the equivalent in revenue, it is a *prima facie* case that the corporation income tax is inequitable and is forcing payment indirectly from people of small income who directly would not be liable even to the normal tax or at most only the lower bracket.

ADJUSTMENT OF INDIVIDUAL INCOME
TAX RATES

Recommendation No. 5 calls for adjustment of rates of tax on personal income to meet the requirements of the budget.

As all taxes of whatever nature must, in the last analysis, be paid from the income of the individual the only proper place to make the adjustment is directly at the place that taxes come from; therefore, whatever money is required for the expenses of the Government coming as it does from the income of the individual anyway, should be collected directly from them, for in this way only can every one be assessed his just share and bear the burden which he should bear.

Rates of surtax on large incomes have proved to be as high as it is possible to make them and still produce revenue. In many cases they have been unproductive and have defeated the very object sought, as the large fortunes have been driven into tax free investment of which there are several billions available in Government, State and Municipal Bonds.

This money is, therefore, being to a considerable extent withdrawn from the channels of productive industry.

Rates of surtax may be high, but beyond a reasonable point defeat themselves.

WILL INCOME TAXES BE HIGHER?

Naturally the question arises, what change will be necessary in the income tax if this system is adopted? How much will the rates of income tax be raised?

The Secretary of the Treasury in his letter of March 17, 1920, to Hon. Joseph W. Fordney, Chairman Committee on Ways and Means, House of Representatives, stated in part:

"(d) Revenue needs make it impracticable, in my opinion, to apply the preceding amendment to profits for the calendar year 1920, the taxes upon which will be payable in the calendar year 1921. But it should be put into effect as soon thereafter as the diminishing expenditures of the Government will permit. It is estimated that with a 20 per cent rate (on undistributed corporate earnings) and on the basis of present corporate net income the suggested amendment would reduce the tax revenue by approximately \$430,000,000 a year. However, present corporate conditions can hardly be maintained, and if corporate income declines and invested capital increases as rapidly as they have done in the past twelve months, the proposed amendment would probably cause no reduction in the future revenue."

It will therefore be seen from the statement of the Secretary of the Treasury that whatever changes are necessary in the income tax rates will not be due to our proposed change, but any general advance all along the line will be occasioned by other causes.

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New Publications

For the convenience of our members the Credit Monthly will secure for them, at their request, any of the pamphlets, etc., described here as being published by financial houses, and will transmit to publishing houses orders for books received from our readers.

A HISTORY OF COMMERCE. Clive Day, Ph. D., Professor of Economic History in Yale University. Longmans, Green & Co. 1919. 384 pp. Illus.

This book brings the world history of commerce down to 1914. About one-third of the book is devoted to United States commerce. Contains 34 maps and is a valuable and complete textbook on the subject.

AMERICAN FOREIGN TRADE: The U. S. as a World Power in the New Era of International Commerce. Charles M. Pepper. Century Co. 1919. 386 pp.

There was need for a book written with the broad perspective of a foreign trade advisor, and this book will prove to be a valuable contribution to American foreign trade policy and practice. Mr. Pepper combats effectively the false emphasis that sees American foreign trade as merely the exporting of American goods to receptive foreign markets. For him American foreign trade means export and import trade and any consideration of the problems involved in it demands an analysis of the relative position of American foreign trade in the World's foreign trade. Such an analysis he gives in an illuminating and stimulating fashion. South America, for example, he treats in three chapters—Economic South America, South America as a Market for Europe, and South America as a Market for the United States. Everywhere his analysis is characterized

by a range of information and a breadth of vision that make his appraisals of the future trade of South America convincing. Three chapters are devoted to the trade policies of Britain and America. The two closing chapters of the book, "Investments Abroad" and "The American Business Man," contain suggestive conclusions for all who are concerned with the part that America will play in the new international relationships.

ECONOMICS OF THE CONSTRUCTION INDUSTRY. U. S. Department of Labor, Division of Public Works and Construction Development. Washington. 1919. 264 pp.

A collection of valuable data, which should be of great use for years to come to all interested in construction generally was made by the Division of Public Works and Construction Development of the U. S. Department of Labor. This has been compiled and published under the direction of Roger W. Babson. One of his collaborators was Dr. John Whyte, now head of the National Institute of Credit of the National Association of Credit Men.

FAIR VALUE. Harleigh H. Hartman. Houghton Mifflin Co. 1920. 284 pp.

The Hart, Schaffner & Marx Prize Essays have for years contributed vitally to American economic thought. "Fair Value" is no exception, for it ranks with the best of the Prize Essays. Mr.

Hartman, who is now Lecturer in Illinois Public Utilities Law at Northwestern University School of Law, set himself no easy task when he attempted to establish the concept of fair value—"the meaning and application of term 'Fair Valuation' as used by Utility Commissions." His treatment is an exhaustive review of fair valuation methods and decisions, all of which he subjects to a searching critical analysis. The value of his book is enhanced by a selected bibliography and a Table of Cases. Mr. Hartman has shown a capacity to handle in a broad, economic way one of the thorniest of problems and his book is a valuable contribution to current political and economic thought.

FEDERAL BILL OF LADING ACT (Pomerene Act). National Shawmut Bank, Boston, Mass.

Complete text, with analysis and index, of the Act that became a law August 29, 1916, relating to uniform bills of lading in interstate and foreign commerce.

FIRE INSURANCE CONTRACT, THE. Hartford Fire Insurance Co., Hartford, Conn. 54 pp.

This discussion of the conditions of a policy "deals largely with matters on which every insured ought to be informed, and the presentation of the subject is as free from technicalities as it can reasonably be made." It also defines and discusses the phrase "insurable interest."

GREATER FRANCE and Three Cities (Bordeaux — Lyons — Marseilles). Guaranty Trust Co. of New York. 28 pp. Illus.

The author declares that France has accomplished industrially in the past year "so stupendous a task that one marvels how the work has been done." He also describes the industrial importance of the cities of Lyons, Marseilles and Bordeaux, whose securities are now being offered on the American market.

INDUSTRIAL GOODWILL. John R. Commons, University of Wisconsin. McGraw-Hill Book Co. 1919. 218 pp.

Although collective democracy can not be successfully imposed by law where the employer or manager is unwilling, Mr. Commons believes that willingness can be educated. "It is," he says, "a personal and everyday attitude of mind that sees the need and then does things before being compelled to do them. Often, however, willingness is preceded by a jolt. The present day jolt is the freedom and unrest of labor."

INVESTMENTS. David F. Jordan, B. C. S. Lecturer on Finance, New York University. Prentice-Hall. 429 pp.

This comprehensive book has chapters on forms of investment, securities, corporate securities in general, railway securities, general investment principles and the relation of investments to taxation.

INVESTMENT SUGGESTIONS, APRIL 1920. Brown Bros. & Co., N. Y. 16 pp.

It is noticeable that these offerings include preferred stocks as well as U. S. Government, railroad, public utility and industrial bonds.

SEVENTY POINTS ON THE INCOME TAX: Common Errors of Taxpayers in Reporting Net Income under the Federal Income Tax Law. Mechanics & Metals National Bank of N. Y. 1920. 60 pp.

A manual for both individuals and corporations, except non-resident aliens and foreign corporations.

THE A B C OF FOREIGN TRADE. Frank Henius. Bobbs-Merrill Co. 280 pp.

The author, after many years of exporting experience in England and the United States, has prepared in simple language this export manual which he

(Continued on page 44)

Efficiency of Labor Increasing

(Continued from page 14)

A Varnish Manufacturer, New York

2. No.

3. To industrial unrest.

The shortage of labor is well known to those who are employed, and the knowledge of this has produced a state of mind which acts as a bar to efficiency. Every man knows that there is a job waiting elsewhere, so what is the use of hustling, of planning; why stand for a calling down here when the doors are so wide open elsewhere for the worker to enter?

When the worker finds that there are not so many jobs open, the situation will reverse.

A Watch Company, Massachusetts.

2. No.

3. Shortage of skilled labor.

A Packer, Illinois.

1. Judging from our labor costs and our production records I would say that the efficiency of our labor is on about a par with what it was three months ago, with possibly a slight gain, inasmuch as our labor turn-over is lower than it has ever been in the history of the company and consequently our working forces more stable.

2. Our labor is not so efficient today as it was in pre-war days although a big improvement has taken place since the armistice.

3. Reduced efficiency as it exists today in our working forces, we attribute to industrial unrest and a lack of intelligent understanding amongst our foreign-born employees of which our working force is made up to a large extent.

A Manufacturer, Ohio.

2. It has not as yet reached normal efficiency, if we call normal the efficiency existing prior to the war.

3. The reduction in efficiency is attributable to a number of causes—letting down due to the cessation of the war, scarcity of labor supply, unusually high wages permitting of lessened efforts to obtain the necessities of life.

4. We have been paying a great deal of attention and devoting a great deal of thought and labor to the simplification of working processes making possible greater output without increase of effort and what improvement in efficiency we have experienced is attributable largely to this cause.

A Biscuit Company, New York.

2. No.

3. We attribute reduced efficiency to the general unrest, high labor turn-over and lack of interest.

An Engineering Company, Ohio.

2. Not yet as efficient as in the pre-war period.

3. Due possibly to independence felt by men because of larger income, which still causes a situation where men lay off one or two days a week.

4. Partly to abatement of industrial unrest; partly to profit sharing and industrial welfare work.

E.—LABOR AS EFFICIENT AS IN SO-CALLED "NORMAL" TIMES

A number of replies differentiate between old and new employees, though many make no qualification whatever.

A Paper Manufacturer, Massachusetts.

1. The labor in this locality has never lost its efficiency to any great extent, especially in large industries, including our own, throughout the war or since. The so-called inefficient labor portion is—in our opinion—that which constitutes new inexperienced help, which is necessary to add to any fast growing business.

2. Generally speaking—our labor is as efficient now as it was in the so-called normal times.

4. The condition in western Massachusetts may be different in some respects from the conditions in other localities. We think it must be because the standard of product, especially ours, is as high, if not higher, than it ever was. There was never an industrial unrest; therefore, there can be no abatement of it. We are speaking now, of course, of our own individual plant.

A Manufacturer of Porcelain, Ohio.

1. Yes.

2. Yes.

4. To the fact that we believe our workmen feel and know we are trying to do what is right and fair. We have not had the trouble with our workmen that has been prevalent throughout the country, although in 1918 we did have a little labor trouble and some strikes. For the last year, however, our men have shown a disposition to work and take an interest in their work.

F.—LABOR MORE EFFICIENT THAN IN SO-CALLED "NORMAL" TIMES

Some manufacturers have reported an increase in efficiency over that of "normal" times. A disproportionately large number of such answers is here given, because it is felt that a peculiar interest attaches to them.

A Manufacturer, Missouri.

1. Practically no change in the past three months.

2. Greater efficiency out of the



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5-20

employees in our factory than we were getting three or four years ago.

4. We attribute the increased efficiency to the fact that we have no unions and compensate our men, wherever it is possible, upon piece-work basis.

A Manufacturer of Grinding Wheels, Massachusetts.

1. Yes.
2. Yes.

4. Yes, because we are an "open shop," operating on a piece-work basis and the men have enough confidence in the management to increase their own wages by an increase of output.

A Graphite Manufacturer, New York State.

1. Approximately the same.
2. Average 25 per cent more than 1914-1915.

4. Profit sharing and efforts to teach them cooperation.

A Brass Manufacturer, Connecticut.

1. Yes.
2. Yes.
3. It is showing increased efficiency.

4. The constantly increasing efficiency of labor in our plant during the past year has been, in our opinion, due to several factors. We have paid a great deal more attention to the human element than ever in the past, and the opportunity for contact which has been established by Joint Committees has created a spirit of confidence in the organization. A Group Bonus System, based upon man and machine efficiency, has been introduced with very satisfactory results.

Our system of Industrial Relations is patterned after the Standard Oil Plan and has been very successful from the start. An investigation made by the War Labor Board resulted in their report stating that they had interviewed 262 of our employes, of whom 261 expressed themselves as satisfied. Classification of all our work, resulting in equal pay for similar work in all departments, has also strengthened the confidence of the workers in the management.

A Cork and Linoleum Manufacturer, Pennsylvania.

1. Labor not less efficient than it was three months ago.
2. Labor more efficient than it was in so-called "normal" times.

3. Increased efficiency is due to a multitude of reasons, all of which can be summed up in the statement that the cooperation between the Company, as employer, and the work people, as the employed, is very much closer than it has ever been.

Directory of Officers of the Affiliated Branches of the National Association of Credit Men

Arranged Alphabetically by States

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(Continued from page 38)

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THE HOUSING SITUATION IN ENGLAND AND THE U. S. E. T. Miller, Pres., F. W. Dodge Co. 36 pp.

A carefully studied argument against the English systems of subsidizing the tenant or the landlord and in favor of long term banking facilities for the would-be home owner, by an authority on housing.

TRADE WITH OUR NEIGHBORS IN THE CARIBBEAN. Oscar P. Austin, statistician, National City Bank of New York. 1920. 64 pp. with map.

John H. Allen, vice-president of the National City Bank, says in a foreword to this pamphlet that Caribbean trade is not and cannot be confined to the Caribbean countries and our own "for not only do the exports of our neighbors find in large part their market two or three times the distance to American ports, but many of these imports originate in the remotest quarter of the globe."

THE TRANSPORTATION ACT OF 1920. Mellon, National Bank, Pittsburgh, Pa. 64 pp.

Text with index of the Act, in effect Feb. 28, 1920, providing for the termination of Federal control of the railroads and for the settlement of disputes between carriers and their employees, and amending the Interstate Commerce Act.

USE AND OCCUPANCY INSURANCE. Business Interruption Indemnity: How and Why. Alliance Insurance Co., Phila. Pa. 32 pp.

The assured, and even the insurance agent, will receive valuable suggestions from this description of a comparatively little known form of insurance.

WAR REVENUE ACT 1919. Old Colony Trust Co., Boston, Mass. 130 pp.

Complete text with index of the Act that went into effect February 25, 1919.

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CREDIT MANAGER—Experienced in domestic and foreign credits to grocery trade (wholesale), jobbing and retail automobile, drug, cabinet, furniture and electrical manufacturers, also users of bottling machinery, desires to locate in the west or middle west. At present credit manager for large eastern corporation with plants and branches throughout the world. Age 34, married; salary \$6,000 per annum. Will attend N. A. C. M. convention at Atlantic City. Address Advertisement 509.

SITUATION WANTED—Young man, age 28, single, now employed as credit manager and accountant for large mine supply house desires to make connection in similar capacity with progressive concern where opportunity for development is hinged upon initiative and results obtained. Best references. Address Advertisement 510.

CREDIT MAN AND OFFICE MANAGER, age 35, 15 years' experience, familiar with building material trade, desires to change position; qualified to take full charge of credit and collection departments. Address Advertisement 511.

ADDRESSES WANTED

W. S. Bacon, formerly operated as High School Pharmacy, 731 North Robinson Street, Oklahoma City, Okla.

James H. Bailey, formerly of Vinita, Okla.

E. D. Bassett, Cambridge, Mass.

E. J. Brundage, formerly engaged in the merchant tailoring business at 23½ North Ocean Street, Jacksonville, Fla.

Walter C. Copp, who was engaged as a watchmaker and jeweler at Conway, S. C. He was previously located at Andrews, S. C.

C. D. Dumas, formerly in the electrical business at 59 Main St., Montpelier, Vt.

John E. Enright. He formerly resided at 380 Riverside Drive, New York City, and at one time was employed by the Niagara Falls Power Company, Niagara Falls, N. Y. May be in the oil fields of Oklahoma now.

Paul Everingham, formerly of Newark, N. J.

L. N. Friedlander, formerly of Kansas City, Mo.

P. C. Gartley, who formerly resided at Spokane, Wash., and in 1918 operated several trucks, hauling Match Blocks. Was traced to Chicago and was last heard of at Detroit, where he may be yet. Is probably connected in some way with the automobile industry.

J. W. Gazaway, formerly of Loyal Valley, Texas.

L. A. Geiger, or Ludwig A. Giger, formerly in business as a florist at 2095 North 53rd Street, Philadelphia, Pa.

Harold S. Gregory, Quapaw, Okla.

J. H. Heningson and H. D. Nelson, who formerly operated under name of Forest City Delivery Co., Cleveland, O.

Elmer Henry, who disappeared from Santa Maria, Cal., last September taking with him a stock of diamonds, watches, etc. Occupation Jeweler and watchmaker, age 45, height 5 ft. 10 in., weighs 150 lbs. Hair brown, streaked with gray, eyes brown, tattoo on both forearms. Dark scar on left leg between knee and ankle. Speaks with a Southern drawl.

Very reserved. Bureau of Investigation, Department of Justice, Federal Building, Los Angeles, Cal., wants this man for failure to register in the draft. Henry has lived and worked in New York, Santa Fe, New Mexico, Parsons, Kansas, Des Moines, Iowa, San Francisco, Cal., and other points. If located wire this office.

Leo Jacobson, who was formerly in Cleveland, Ohio, and his last known place of employment was with the Republic Rubber Co., of New York City.

Joe Jessup, Lovilia, Iowa. Last known address Centerville, Ia.

Giovanni Julisano. Formerly conducted a general store at Cuyerville, N. Y., and disappeared from that place in March or April of this year.

Charles Kilroy, last heard of at Sidney, Nebraska. This party was at one time manager of the City Heat, Water & Light Plant, of Sidney, Nebraska, but resigned to go into business for himself.

Samuel E. Lotow, formerly of Roxbury (Boston), Mass.

McPeeks & Sites, Culloden, W. Va. Last known address Mt. Gay, Logan County, W. Va.

Mrs. Chester Morrison, formerly of No. 1 West 67th St., New York City. Last known address Chicago Athletic Association, Chicago, Ill.

Newman Bros., formerly in the grocery business at Alliance, O. From Alliance they moved to 11706 Union Ave., Cleveland. From there are supposed to have gone to New York.

Randolph Auto Co. The address is wanted of any or all of the members of this firm, formerly located at Milton, Van Buren County, Iowa.

J. Schneider, formerly of 1470 Broadway, Brooklyn, N. Y.

R. E. Scroggins. Was formerly in business at Deer Trail, Colorado.

M. Silen, who was operating under the name of National Distributing Co. and conducted an installment business in silverware and in and around Bakerfield, Cal., up to December 26, 1919. From there he went to Detroit, and later to Chicago, where he got into some financial difficulties. He was last presumed to be at Denver.

Mrs. F. J. Smith, formerly in business on Market St., Chattanooga, Tenn.

M. J. Somers, formerly manager of the Oil Fuel Appliance Co., 921 Grand Ave., Kansas City, Mo.

Stone & Waggener, formerly of Casper, Wyoming.

C. H. Sullivan, formerly in business at Doddsville, Miss. In January this year he moved to Homer, La., entering in the picture show business and then to Austin, Texas.

F. J. Williams, formerly of Eldorado, Texas.

A. Wish, formerly located at 40 Salem St., Boston, Mass.

INFORMATION WANTED

Members, if approached by Harriet Benson or Irene Moore, claiming to be representing the Stenographers' League of different states, please communicate promptly with this office. This party is described as being of slender build, about 5 ft. 6 in. tall, hair rather gray, peaked face, 40 to 45 years of age and very plainly dressed.

Directory of Officers

(Continued from page 43)

WASHINGTON, Spokane — Spokane Merchants' Association. President, R. B. Paterson, Spokane Dry Goods Co.; Secretary, J. B. Campbell, 718 Realty Bldg.; Assistant Secretary, James D. Meikle, 718 Realty Bldg.

WASHINGTON, Tacoma — Tacoma Association of Credit Men. President, W. F. Morgan, The Bradstreet Co.; Secretary, Edward B. Lung, Tacoma Bldg.

WEST VIRGINIA, Bluefield-Graham—Bluefield-Graham Credit Men's Association. President, P. J. Alexander, Flat Top Grocery Co.; Secretary, C. A. Cawley, Bluefield Hardware Co.

WEST VIRGINIA, Charleston—Charleston Association of Credit Men. President, Dean Reed, Kanawha Manufacturing Co.; Secretary, D. C. Lovett, Jr., Box 148.

WEST VIRGINIA, Clarksburg—Central West Virginia Association of Credit Men. President, Bert Evans, Morris Grocery Co.; Secretary, U. R. Hoffman, Union Bank Bldg.

WEST VIRGINIA, Huntington—Huntington Association of Credit Men. President, E. P. Snow, Huntington Bank and Trust Co.; Secretary, W. W. Magoon, Blue Jay Mfg. Co.

WEST VIRGINIA, Parkersburg—Parkersburg-Marietta Association of Credit Men. President, W. H. Heermanns, Graham-Bumgarner Co.; Secretary, P. E. Hyre, Brown, Kendall Co.

WEST VIRGINIA, Wheeling—Wheeling Association of Credit Men. President, H. F. Gordon, Hazel Atlas Glass Company; Secretary, John Schellhase, McClain Bldg.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., OF THE CREDIT MONTHLY
REQUIRED BY THE ACT OF CONGRESS
OF AUGUST 24, 1912, published monthly
at New York, N. Y., for April 1, 1920.

State of New York } ss.
County of New York } ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Rodman Gilder, who, having been duly sworn according to law, deposes and says that he is the managing editor of The Credit Monthly, and that the following is, to the best of his knowledge and belief, a true statement of his ownership, management, and if a daily paper, the circulation, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and address of the publisher, editor, managing editor, and business managers are:

Publisher, National Association of Credit Men, 41 Park Row, New York City; Editor, William Walker Orr, 41 Park Row, New York City; Managing Editor, Rodman Gilder, 41 Park Row, New York City; Business Manager, Rodman Gilder, 41 Park Row, New York City.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent or more of the total amount of stock.)

National Association of Credit Men, a non-stock corporation with 30,604 members. Curtis R. Burnett, American Oil Supply Co., Newark, N. J.; President; Herbert E. Choate, J. K. Orr Shoe Co., Atlanta, Ga., First Vice-President; W. B. Cross, F. A. Patrick Co., Duluth, Minn., Second Vice-President; J. H. Tregoe, 41 Park Row, N. Y., Secretary-Treasurer; William Walker Orr, 41 Park Row, N. Y., Assistant Secretary.

3. That the known bondholders, mortgages, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is — (This information is required from daily publications only.)

RODMAN GILDER.

Sworn to and subscribed before me this 24th day of March, 1920.

[SEAL.] CHAS. W. GORDON,

Notary Public, Queens Co., N. Y., No. 1520.

My commission expires March, 1921.

Certificate filed in New York County.

County Clerk 207. Register 1288.

WISCONSIN, Fond du Lac—Fond du Lac Association of Credit Men. President, E. B. Hutchins, Boex-Holman Co.; Secretary, A. P. Baker, 93 93 South Main St.

WISCONSIN, Green Bay—Wholesale Credit Men's Association of Green Bay. President, Chas. A. Innes, Greiling-Innes Co.; Secretary, J. V. Rorer, 212 Bellin-Buchanan Bldg.

WISCONSIN, Milwaukee—Milwaukee Association of Credit Men. President, Carl Engelke, American Exchange Bank; Secretary, James G. Rome, 605 Mayer Bldg.

WISCONSIN, Oshkosh—Oshkosh Association of Credit Men. President, Ira Parker, Jr., Ira Parker & Sons Paint Co.; Secretary, Chas. D. Breen, Room 3, Cook Block, 3 Algoma St.

Adjustment Bureaus

Directory of Bureaus Conducted by Local Associations of Credit Men

Correspondence with Adjustment Bureaus regarding insolvency or bankruptcy claims, should be directed to the manager of the bureau in each instance. These bureaus are operated in accordance with rules adopted by the National Association of Credit Men for the governance of adjustment service, and the manager is directly responsible to a special committee of the local association whose chairman is also listed for most of the bureaus.

The chairman will be glad to be informed whenever a member may feel that he has just grounds for complaint against the service of the bureau.

CALIFORNIA, Los Angeles, F. C. De Lano, Mgr., Higgins Bldg.
CALIFORNIA, San Diego, Carl O. Retslaff, Mgr., 573 Spreckels Bldg.
Carl O. Retslaff, Chairman.

*CALIFORNIA, San Francisco, Board of Trade of San Francisco.

DISTRICT OF COLUMBIA, Washington, R. Preston Shealey, Sec'y and Mgr., 726 Colorado Bldg.

FLORIDA, Jacksonville, A. J. Brown, Mgr., 905 Bisbee Bldg. M. S. Pollak, Chairman, care Benedict Pollak Co.

FLORIDA, Tampa, S. B. Owen, Mgr., 5 Roberts Bldg.

GEORGIA, Atlanta, R. Y. Barrett, Mgr., 304 Chamber of Commerce Bldg. Robert E. Harvey, Chairman, Fourth National Bank Bldg.

GEORGIA, Atlanta, W. B. Oliver, Mgr., 6 Campbell Bldg. Milledge Murphey, Chairman, care Murphey & Co.

GEORGIA, Macon, A. F. McGhee, Mgr., Room 15, Jaques Bldg. A. F. McGhee, Chairman.

IDAHO, Boise, D. J. A. Dirks, Mgr., Boise City National Bank Bldg. C. J. Northrup, Chairman, care Northrup Hardware Co.

ILLINOIS, Chicago, M. C. Rasmussen, Mgr., 10 South La Salle St. W. E. Shoemaker, Chairman, care J. W. Butler Paper Co.

ILLINOIS, Springfield, Chamber of Commerce, Miss Edna Lennox, City Hall.

INDIANA, Evansville, H. W. Voss, Mgr., Furniture Exchange Bldg. A. W. Hartig, Chairman, care Hartig Plow Co.

INDIANA, Muncie, Thomas E. Bracken, Mgr., Delaware County National Bank Bldg. K. A. Oesterle, Chairman, Delaware County National Bank.

INDIANA, South Bend, L. M. Hammerschmidt, Mgr., 710 J. M. S. Bldg.

IOWA, Cedar Rapids, J. J. Lenihan, Mgr., 504 Mullin Bldg.

IOWA, Davenport, Isaac Petersberger, Mgr., Lane Bldg. Geo. Y. Notha, Chairman, care Davenport Bag & Paper Co.

IOWA, Des Moines, Don E. Neiman, Mgr., 421 Fleming Bldg. F. L. Davis, Chairman, care Iowa Packing Company.

IOWA, Ottumwa, Wm. A. Hunt, Mgr., Phoenix Trust Bldg.

IOWA, Sioux City, Peter Balkema, Mgr., 601 Trimble Bldg. H. C. Reed, Chairman, care Wm. Tackaberry Co.

KANSAS, Wichita, M. E. Garrison, Mgr., 1009 Beacon Bldg. John B. House, Chairman, care Lehmann Higgins Grocer Co.

KENTUCKY, Lexington, John D. Allen, Mgr., 412 Fayette Bank Bldg.

KENTUCKY, Louisville, Charles F. Fitzgerald, Mgr., 45 U. S. Trust Co. Bldg. Simon Ades, Chairman, care Sterling Furnishing Goods Co.

LOUISIANA, New Orleans, T. J. Bartlette, Supt., 608 Canal Louisiana Bank Bldg. Geo. Grundman, Chairman, care Albert Mackie Co.

MARYLAND, Baltimore, Ira L. Morningstar, Mgr., 100 Hopkins Place. H. W. Bennett, Chairman, care Rice & Hutchins Baltimore Co.

MASSACHUSETTS, Boston, H. A. Whiting, Secretary, 77 Summer St. Chas. Fletcher, Chairman, 90 Chauncy St.

MASSACHUSETTS, Springfield, E. H. Cullen, Mgr., Room 18, 381 Main St. Marcus H. Smith, Chairman, care Sturtevant, Merick Co.

MICHIGAN, Detroit, G. C. Montgomery, Mgr., 622 Farwell Block.

MICHIGAN, Grand Rapids, Walter H. Brooks, Secretary, 308 Michigan Trust Bldg. Perry Barker, Chairman, care National Grocer Co.

MINNESOTA, Duluth, E. G. Robie, Mgr., 415 Lonsdale Bldg. R. W. Higgins, Chairman, care Kelley-How-Thompson Co.

MINNESOTA, Minneapolis, J. P. Galbraith, Mgr., 241 Endicott Bldg., St. Paul.

MINNESOTA, St. Paul, John P. Galbraith, Mgr., 241 Endicott Bldg.

MISSOURI, Kansas City, C. H. Woodworth, Mgr., 303-7 New England Bldg. E. Weir, Chairman, care John Deere Plow Co.

MISSOURI, St. Louis, E. B. Moran, Mgr., 510 Locust St. G. H. Fox, Chairman, care Goddard Grocer Co.

MONTANA, Billings, H. C. Stringham, Mgr., Electric Bldg.

MONTANA, Great Falls, Northern Montana Association of Credit Men, W. L. Ignatius, Mgr., 216 Ford Bldg. W. M. Fergus, Chairman, care Ryan Mercantile Co.

NEBRASKA, Lincoln.—Same as Omaha. E. R. Dupuy, Chairman, care E. R. Deputy Co.

NEBRASKA, Omaha, F. E. Closson, Mgr., 320 Bee Bldg.

NEW JERSEY, Newark, George A. Kuhn, Mgr., 790 Broad St. Chas. D. Brady, Chairman, 671 Broad St.

NEW YORK, Buffalo, W. B. Grandison, Mgr., 1001 Mutual Life Bldg. W. B. Grandison, Chairman.

OHIO, Cincinnati, E. C. Brunst, Secretary, 1503 Union Trust Bldg. E. W. Wolfstyn, Chairman, care Western Electric Co.

OHIO, Cleveland, T. C. Kellar, Commissioner, 322 Engineers' Bldg.

J. E. Campbell, Chairman, care The Sherwin-Williams Co.

OHIO, Columbus, B. G. Watson, Mgr., 411 The New First National Bank Bldg.

OHIO, Toledo, F. A. Brown, Mgr., 723 Nicholas Bldg.

OHIO, Youngstown, W. C. McKain, Mgr., 1105 Mahoning National Bank Bldg.

OKLAHOMA, Oklahoma City, Eugene Miller, Mgr., 625 Insurance Bldg. L. W. Weir, Chairman, care Ridenour Baker Merc. Co.

OKLAHOMA, Tulsa, W. A. Rayson, Mgr., Municipal Bldg. L. L. Maxey, Chairman, care Campbell Baking Co.

OREGON, Portland, W. B. Layton, Mgr., 641 Pittock Bldg. E. G. Leiby, Chairman, care Blumauer, Frank Drug Co.

PENNSYLVANIA, Allentown, Lehigh Valley Association of Credit Men, J. H. J. Reinhard, Mgr., Hunsicker Bldg.

PENNSYLVANIA, New Castle, Roy M. Jamison, Mgr., 332 Safe Deposit & Trust Co., Bldg. Rudolph Stadelhofer, Chairman, care Armour & Co.

PENNSYLVANIA, Philadelphia, David A. Longacre, Mgr., Room 801, 1011 Chestnut St. Harry Deitsch, Chairman, care Otto Eisenlohr & Bros.

PENNSYLVANIA, Pittsburgh, A. C. Ellis, Mgr., 1213 Chamber of Commerce Bldg. F. M. Weikal, Chairman, care A. J. Logan & Co.

RHODE ISLAND, Providence, Mgr., 1117 Turks Head Bldg. H. M. Pick, Chairman, 405 Turks Head Bldg.

TENNESSEE, Chattanooga, J. H. McCallum, Mgr., Hamilton National Bank Bldg. W. G. MacDonald, Chairman, care United Hosiery Mills.

TENNESSEE, Knoxville, F. E. Lowe, Mgr., 620 Holston National Bank Bldg. F. E. Lowe, Chairman.

TENNESSEE, Nashville, Chas. H. Warwick, Mgr., 803 Stahlman Bldg. Green Benton, Chairman, care J. S. Reeves & Co.

TEXAS, El Paso, T. E. Blanchard, Mgr., 622-3 Caples Bldg.

TEXAS, Houston, H. W. Brown, Mgr., 315-316 First National Bank Bldg. Fred Autry, Chairman, care Diesel-Boettcher & Co.

TEXAS, San Antonio, Henry A. Hirshberg, Mgr., Chamber of Commerce. Jake Wolf, Chairman, care J. Oppenheimer & Co.

UTAH, Salt Lake City, Walter Wright, Mgr., 1411 Walker Bank Bldg. Robert Peel, Chairman, care Symms-Utah Grocer Co.

VIRGINIA, Lynchburg, Mrs. M. A. Blair, Asst. Mgr., 405 Lynch Bldg.

VIRGINIA, Norfolk, Shelton H. Woodward, Mgr., 1700 Granby St.

VIRGINIA, Richmond, Jo Lane Stern, Mgr., 905 Travelers Insurance Bldg. H. S. Binswanger, Chairman, care Binswanger & Co.

WASHINGTON, Seattle, Seattle Merchants' Association, J. L. Baldwin, Secy-Treas., Polson Bldg.

WASHINGTON, Spokane, J. D. Meikle, Mgr., 718 Realty Bldg.

WASHINGTON, Tacoma, W. W. Keyes, Mgr., 802 Tacoma Bldg. R. M. Clagget, Chairman, care Sperry Flour Company.

WEST VIRGINIA, Clarksburg, Central W. Va. Credit and Adjustment Bureau, U. R. Hoffman, Mgr., 410 Union Bank Bldg. S. L. White, Chairman, care Clarksburg Drug Co.

WEST VIRGINIA, Huntington, Tri-State Cred. and Adjustment Bureau, Inc., E. V. Townsend, Mgr., 705 First National Bank Bldg. E. V. Townsend, Chairman.

WEST VIRGINIA, Wheeling, John Schellhase, Mgr., McClain Bldg.

WISCONSIN, Green Bay, J. V. Rorer, Mgr., 212 Bellin-Buchanan Bldg. F. E. Burrall, Chairman, care McIntyre-Burrall Co.

WISCONSIN, Milwaukee, James G. Romer, Mgr., 605 Mayer Bldg. J. G. Kissinger, Chairman, care Rauser, Leavens & Kissinger.

WISCONSIN, Oshkosh, Chas. D. Breon, Mgr., Room 3, Cook Bldg., 3 Algoma St. Charles D. Breon, Chairman.

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